FT PROPERTY
NOVEMBER 21 / NOVEMBER 22 1998

Unlearned lessons

'We saw on our tour that developers have made the same five basic mistakes as they did 10 years ago'

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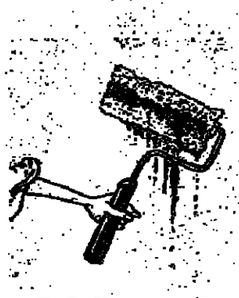

Painting mad

'What were we discussing? Violence? Drugs? Sex? No, just the craze among the young for decorating their rooms'

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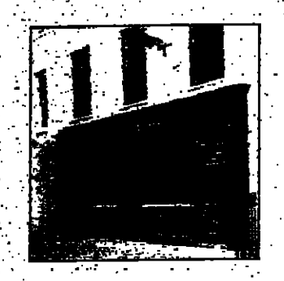

On the move

'Belgravia, SW1, is always pricey, whether you are buying a whole house or a pub'

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Marching down again

Prices in the capital have fallen from all-time peaks. **Anne Spackman** looks at what their next move might be

First, the good news. If you own a property in London it is almost certainly worth far more than you paid for it, unless you are a very recent purchaser.

Now, the bad news. It is equally likely to be worth less now than nine months ago and its value may fall further over the winter.

Most honest estate agents say values have fallen on average by between 5 and 10 per cent from their peak. In some cases, the falls appear to be 20 or even 30 per cent, but that is usually where the original asking price was ludicrously ambitious.

This downturn in the market comes against a background of substantial growth. Central London property prices rose by almost 100 per cent from the end of 1992 to the end of 1997. Areas beyond the prime heartlands continued to see some growth in spring this year.

But in July the entire market hit the buffers. The first news of redundancies in the UK for several years, coupled with turmoil on the world's stock markets, stopped the property market in its tracks.

November has seen a slight improvement, as the feared global meltdown failed to materialise, but most central London estate agents say they do not expect to see more than a handful of sales this side of Christmas.

FPDSavills recorded the first fall for six years in its central London index in the third quarter of this year.

Officially it predicts a further two per cent off in the fourth quarter, followed by a further five per cent, mostly in the early part of next year. This comes from the only team which correctly predicted London's boom.

As figures from the Nationwide Building Society show, London property has become too expensive. Greater London and the outer Metropolitan area are the only two parts of the UK where prices are above their long-term trend. London prices are now at a 20 per cent premium to the rest of the south-east - the same level recorded in the boom of the late 1980s

REGION BY REGION

On pages 2-5, Anne Spackman examines the market in and around London

Although the Nationwide measures prices across London well below peak 1980s levels in real terms, there are some exceptions. Detailed studies by London Residential Research show that some new properties in prime locations such as Kensington have exceeded 1980s prices, even taking inflation into account.

The very top of the market appears to have been hit hardest. Sales over the £2m mark have virtually stopped: at this level all purchases are discretionary and almost all purchasers are shrewd.

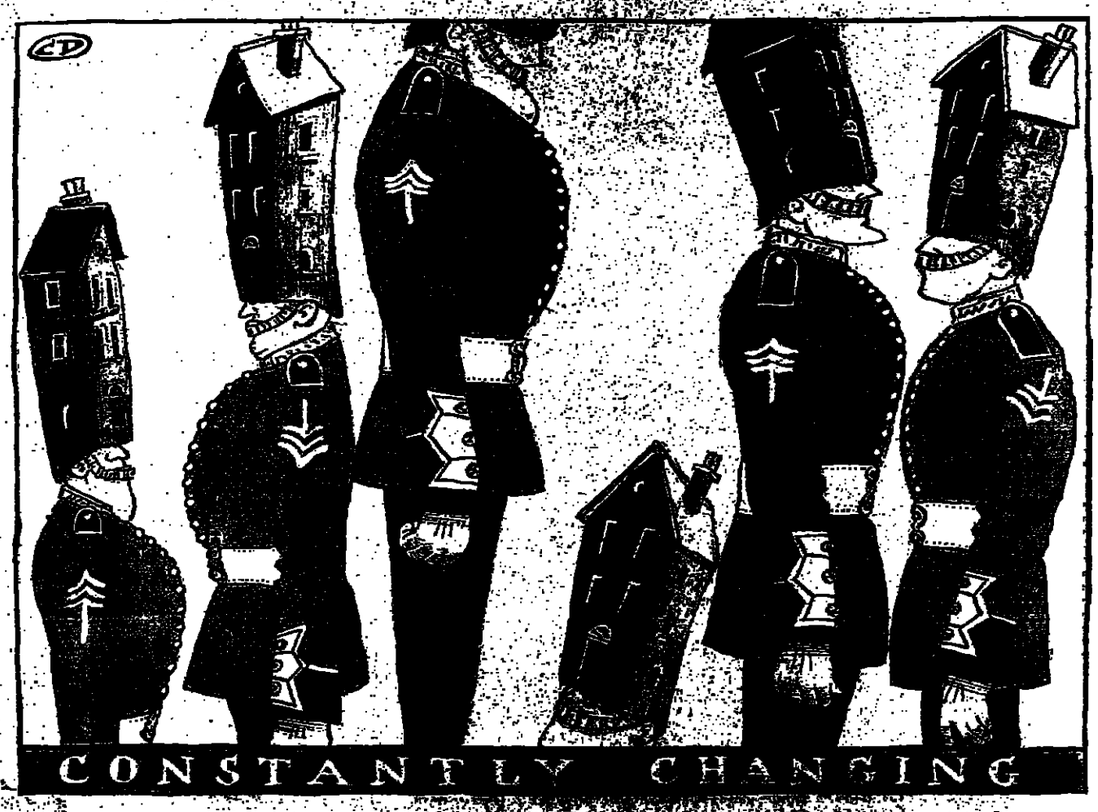
Although new developments have predictably suffered, they do not look any more overpriced than some of the grandest, second-hand properties.

The Kensington townhouse priced at £2.5m (which was worth less than £1m in 1993), is expected to need a similar price cut to achieve a sale as the flat in a converted office block in Docklands.

Some estate agents are complaining that the market has been ruined by talk of gloom and doom, rather than genuinely worsening economic circumstances. Whether fears of a recession are well-founded or not, many buyers have decided to wait and see what next year will bring.

And what will it bring? There are fewer doom-mongers in the property world than there were a few weeks ago, largely because of the performance of world stock markets. The most commonly held view among experts is that price falls will be short and sharp over the autumn and winter.

Once that correction has taken place, they believe buyers will come back in, attracted by lower prices and cheaper borrowing. If there is further economic turmoil, however, ...



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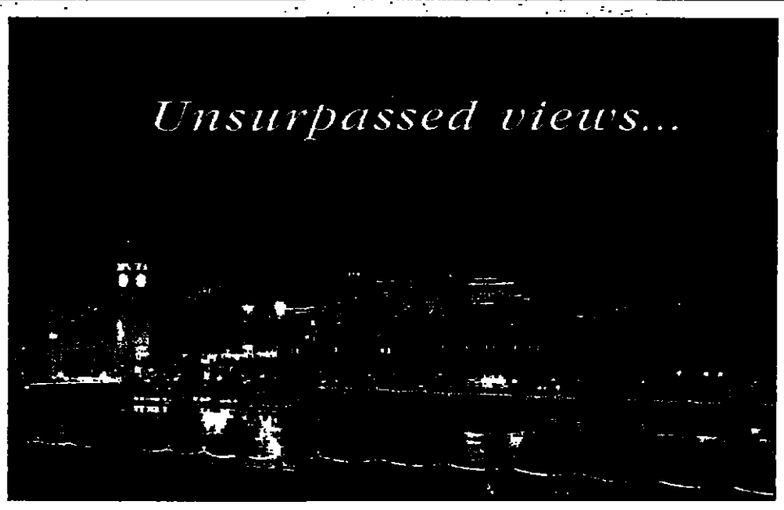

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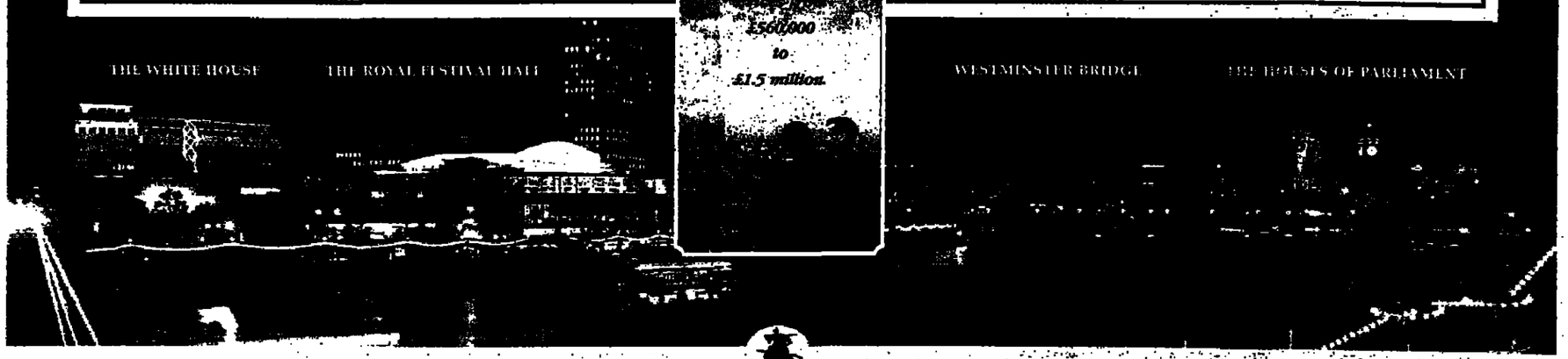

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Russia to seek debt restructuring talks

By John Thornhill in Moscow

Russia yesterday said it could not service all its foreign debts next year and would seek restructuring talks with sovereign and commercial lenders.

The government said it had written to the Paris Club of sovereign creditors and the London Club of commercial creditors formally requesting talks to reschedule its Soviet-era debts for the second time.

The government accepted it could not pay more than $10bn of the $17bn of foreign debt repayments which fall due next year because of the depth of its financial crisis and shortage of hard currency reserves.

Russia has already missed $685m of payments to Paris Club lenders and is due to repay a further $6.1bn next year. It was also bound to repay commercial creditors $1.1bn in 1999.

Financial markets had already discounted the probability that Russia would not be able to service all its external obligations. In recent weeks Russia's publicly traded debt has been trading at default levels.

However, Mikhail Kasyanov, deputy finance minister, tried to draw a sharp distinction between the foreign debts Russia had inherited from the Soviet Union and those borrowings it had assumed since becoming an independent sovereign country. He said Russia regarded its post-Soviet debt as "untouchable" and vowed the country would service its post-1992 eurobonds in full.

Some analysts, though, suggested that the restructuring talks could lead to partial forgiveness of Russia's Soviet-era debts to help ease the country's financial crisis.

Philip Poole, east European economist at ING Barings, the international investment bank, said the Russian government was sensible to pre-empt the debt issue and conduct talks in an orderly way.

"This is the right approach to take to formalise the process and start talks with creditors ahead of a default," he said.

"But in my view there is still a residual risk concerning post-1992 obligations. The risk is that this issue will become so politicised that the government will not feel able to make any payments at all."

Mikhail Zadornov, finance minister, said he expected the talks with foreign creditors in London about restructuring the frozen domestic debt (GKO) market to enter a "concluding" round next week.

Mr Zadornov said he expected investors would accept 10 per cent of the settlement in cash, 20 per cent in investable paper, and 70 per cent in bonds which would be redeemed within five years.

Output of French industry falls 1%

By Robert Graham in Paris

The slowing world economy has begun to affect the French economy, with industrial production falling 1 per cent in September.

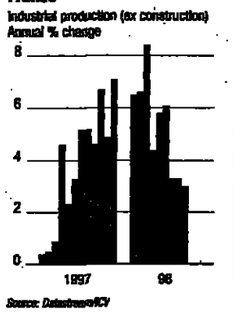
The month-on-month fall announced yesterday by Insee, the national statistics office, was broadly in line with analysts' predictions. But the contrast with the previous two months was highlighted as Insee revised upwards the July-August increase to 0.7 per cent from 0.3 per cent.

When measured on a quarterly basis, the change of industrial pace becomes more evident. In the third quarter industrial production rose a mere 0.6 per cent against the previous three months, whereas in the second quarter output was up 1.2 per cent on the first.

The French economy is still expected to grow 3 per cent this year – the most robust growth among big European economies. The performance is being powered by domestic demand, which has proved stronger than expected, offsetting a bigger fall than was expected in external demand from the emerging markets crisis and a weaker dollar.

The latest snapshot of industrial production is backed up by the Bank of France October survey of industrial activity. This noted a slight rise in stocks and said most of this year's investments by business had already been made. Despite this evidence of a slowdown, the finance minister, Dominique Strauss-Kahn, stuck to his forecast of 2.7 per cent growth in 1999.

The weakest sector of industrial output was that of intermediate goods. Production fell 2.6 per cent, with electronic components dropping 4.6 per cent.



KURDISH SEPARATISTS GERMANY DECLINES TO SEEK EXTRADITION OF OCALAN FROM ITALY

Dilemma over PKK leader deepens

By Christopher de Bellaigue in Ankara and Ralph Atkins in Bonn

The diplomatic row surrounding Abdullah Ocalan, the Kurdish guerrilla leader seeking political asylum in Italy, took a new twist yesterday when Germany announced that it would not seek his extradition.

Mr Ocalan is wanted in Germany in connection with a murder and for "leading a terrorist organisation". The Bonn government spokesman said it had evaluated the "complex political problem" posed by Mr Ocalan's arrest in Rome, and would "refrain from requesting extradition".

Mr Ocalan's Kurdish Workers' party (PKK) has spent 14 years fighting for autonomy in south-eastern Turkey, in a war that has cost 30,000 lives.

His request for political asylum in Italy, along with the reluctance of Massimo D'Alema's government to extradite him to Turkey, has prompted a crisis between Rome and Ankara.

Until yesterday, the possibility of a German extradition request had appeared to offer a solution to Italy's diplomatic headache. Italy fears that prolonging the crisis might have a lasting effect on relations between Turkey and Italy. Germany's decision makes Italy's dilemma all the more acute.

Yesterday a Rome appeals court released Mr Ocalan, who has been in custody since he arrived in Rome on November 12, pending a judicial decision on his asylum request.

Turkey yesterday gave little sign that it would act on a suggestion by both Italy and Germany that Mr Ocalan's presence in Rome might represent a springboard for a political settlement to the Kurdish problem.

Turkish police raided several regional headquarters of the People's Democracy party (Hadep), the legal party most identified with Kurdish nationalism.

Meanwhile 30,000 troops, backed by helicopters, moved into a PKK-held ravine in the Munzur mountains.

Net closes on guerrilla havens

Harvey Morris on diplomatic efforts to deny bases to the PKK

While the leader of the Kurdish Workers' party (PKK), Abdullah Ocalan, awaits Italy's decision about whether to extradite him to Turkey on charges of armed struggle against the state, his movement is being squeezed on all sides by a diplomatic strategy in which the US and the UK have played a central role.

The strategy has ensured that the PKK will no longer be able to rely on bases in neighbouring Iraq and Syria from which to wage its guerrilla war for self-rule in south-eastern Turkey.

Mr Ocalan lost his long-standing haven in Syria last month when Damascus finally bowed to threats of military force by Turkey, which was demanding an end to Syrian support for the PKK and its leader. His flight to Italy came after he failed to find refuge in the former Soviet Union.

Before it backed down, Damascus accused Turkey of plotting with Israel to create a crisis with the aim of undermining Syria. The Syrians had in mind the growing US-sponsored military alliance between Turkey and Israel, which they view as part of an American strategy to encircle Syria.

The eventual Syrian climbdown was the second blow to the PKK in the space of a month. In mid-September, the formerly warring Kurdish parties in Iraqi Kurdistan – Masoud Barzani's Kurdistan Democratic party (KDP) and Jalal Talebani's Patriotic Union of Kurdistan (PUK) – had pledged in a peace accord, signed in Washington, to drive the remnants of the PKK from areas they control.

The peace accord, signed after the first meeting between the two rival leaders in four years, was the result of intense pressure by the US, the UK and Turkey and was backed by a promise of $7.3m in US aid. Mr Barzani and Mr Talebani, whose militias between them control much of northern Iraq, are also potential recipients of part of the $97m promised to Iraqi opposition groups under the US Iraq Liberation Act.

The two Iraqi Kurdish parties have veered from temporary alliance to open war ever since Mr Talebani split from the KDP more than 20 years ago. Their most recent differences have involved relations with Mr Ocalan's PKK. While Mr Barzani's party co-operated with Turkish forces in attempting to clamp down on the PKK presence in northern Iraq, the Patriotic Union was accused by Turkey of providing bases and support to PKK units. The KDP also accused Mr Talebani of using the PKK against it in clashes between the rival Iraqi Kurdish groups in 1997.

Among the factors that prompted the two parties to sign the peace accord was the fact that Mr Ocalan aspires to being a pan-Kurdish leader, committed to uniting the 20m or more Kurds of Turkey, Iraq, Iran and Syria in a future independent state. The Iraqi Kurdish parties have generally sought to guarantee local Kurdish autonomy by reaching an understanding with whoever is in power in Baghdad.

Mr Ocalan's attempt to recruit support among Iraqi Kurds was a potential threat to their own political control of Iraqi Kurdistan. This was underlined by an interview he gave to an Arabic-language newspaper earlier this year in which he said it was his duty to eradicate the Iraqi Kurdish leadership on the grounds that they were "Zionist puppets".

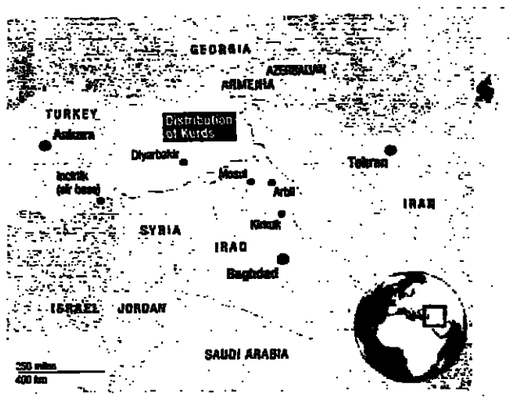
"Not only were the PKK using northern Iraq as a base," said Dilshad Miran, a KDP spokesman, "they were also interfering in our internal affairs as an alternative authority."

On a more practical level, the Iraqi Kurds are only too aware that Turkey controls their principal access to the outside world and that the Turkish border is a conduit for supplies, including humanitarian aid. They hope that, as a result of the Washington agreement, Turkey will begin to lift its restrictions on aid agencies travelling to the region. Many have been barred until now on the grounds that they might be helping the PKK. Turkey has also regularly used the pretext of the PKK presence to mount air raids and send troops into Iraqi Kurdistan.

Kurdish sources now estimate that the PKK presence in northern Iraq, which at one point amounted to as many as 4,000 armed guerrillas, is down to just a few hundred, congregated in the triangle where the borders of Turkey, Iraq and Iran meet.

The Anglo-American diplomacy towards the Kurds is closely linked to allied policy towards Iraq's President Saddam Hussein. Martin Indyk, the US assistant secretary of state for Near Eastern affairs, who brokered the inter-Kurdish accord, is also the man responsible for devising a strategy for implementing the Iraq Liberation Act. An aim of the peace accord is almost certainly to wean the KDP away from an uneasy alliance of convenience that it reached with Baghdad in 1996 in order to confront the PUK.

Both Mr Barzani and Mr Talebani are now pledged to deny support to any group that attempts to use the territory they control to attack a neighbouring country. The two leaders visited Ankara after they signed the accord in order personally to assure the prime minister, Mesut Yilmaz, of their commitment to its terms.



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Kazakhstan's would-be tsar toys with his election rival

By Carlotta Gall in Aktyube, Kazakhstan

Kazakhstan's President Nursultan Nazarbayev was in combative form this week, launching his election campaign by branding his main rival a secret KGB agent.

Pausing between stops on a busy three-day campaign tour in north-western Kazakhstan, Mr Nazarbayev, leader of the resource-rich country for nine years, said he was sure of re-election on January 10.

He was visiting Aktyube, a town lost on the frozen steppes in north-western Kazakhstan, famous only for its bitterly cold wind. A muted crowd, hemmed in by soldiers in greatcoats and stern policemen, listened to their president in respectful silence on the main square, as he celebrated the extension of a pipeline that he promised would give them cheaper gas.

Most observers are also sure Mr Nazarbayev will win, not least because the former communist boss has outmanoeuvred his only serious opponent.

Once seen as the leading reformer in ex-Soviet Central Asia, Mr Nazarbayev, 58, appears to be joining the ranks of his more autocratic neighbours. His compliant parliament called early elections last month, at the same time extending the presidential term from five to seven years and lifting a ban against anyone serving more than two terms.

"I would like to be your leader all my life," Mr Nazarbayev told a rally of supporters from the Citizens' party, which he heads. Critics point to his treatise "Kazakhstan 2030" and say he has every intention of being president until then.

While Mr Nazarbayev is wooing the electorate, he has also set about attacking his main rival, Akezhan Kashegeldin, who served as his prime minister until last October, and wants to run for president.

So far he has not managed to register as a candidate. A local court has found him guilty of attending an illegal political gathering and so disqualified him from running. Mr Kashegeldin has appealed, but on Thursday he was found guilty of contempt of court and disqualified a second time.

The all-powerful Mr Nazarbayev claimed this week he had no influence over the court's decisions and insisted he wanted his would-be rival to run against him and lose.

"I very much wanted him to get his three to four per cent and disgrace himself," he said. The president said he would appeal to the Supreme Court to pardon Mr Kashegeldin and on Thursday he did so.

But Mr Nazarbayev's scathing criticism of his former premier suggests he sees Mr Kashegeldin as a real threat. He accused him of selling off state assets to foreign investors too hastily and cheaply in his three years as prime minister, and of having inexplicably amassed great wealth which had allowed him to hire expensive image-makers and western lawyers.

Moreover, the president called him a "secret KGB agent" and claimed he had staged a recent assassination attempt and an assault on his own press secretary especially to create a stir.

Mr Kashegeldin has flung his share of dirt, accusing the president of corruption, nepotism and a greed for power that makes him want to be a "tsar" for life.

The irony is that Mr Nazarbayev has no need to fear Mr Kashegeldin. His control of the media is virtually total – his daughter runs Khabar, the largest state television company, although she is stepping down for the course of the election campaign, and a supporter is thought to have just bought Karavan, the most popular tabloid. Regional leaders, who will deliver the vote, are all loyal appointees.

"If he had played it straight, he could have won with 70 per cent and come out smelling of roses," one European diplomat in Kazakhstan's business capital, Almaty, said of the president.

Analysts say early elections will also play in Mr Nazarbayev's favour, securing him another term before the looming economic crunch really starts to hurt at home. "The economy is in for a tough two years and by 2000 anything could happen," said the diplomat.

In the streets in Aktyube, few people seemed to know about the other candidates in the race. For most the choice was to stay at home or vote for Mr Nazarbayev. "It will change nothing for the better," one shopgirl said of the election.

Germany plans higher taxes on energy use

By Ralph Atkins in Bonn

Germany's new government yesterday presented parliament with plans to increase energy taxes from April 1 and pledged to use its European Union presidency in the first half of next year to push a similar initiative throughout the continent.

Jürgen Trittin, the Green party environment minister, said the new administration would end Germany's past opposition to EU guidelines on energy taxation. It wanted environment-damaging consumption made more expensive – with the funds raised through higher taxes used to cut labour costs.

Under Germany's ecological tax legislation, higher energy taxes would be used to finance a 0.8 percentage point cut in state pension contributions to 19.5 per cent of gross wages. Mr Trittin said high non-wage labour costs were "a central cause" of high unemployment.

Mr Trittin said the measures planned to take effect from next April, plus further stages planned, would give a "direct impulse" to job creation.

However, the "ecological" package has met a sceptical reaction. The government's council of economic advisers said this week the plan would have little impact on joblessness; environmental organisations complained the large number of exemptions would substantially reduce its effectiveness.

Under yesterday's bill, the cost of petrol and heating oil would rise by six and four pfennig a litre respectively, electricity would cost two pfennig per kilowatt-hour more and gas 0.32 pfennig per kilowatt-hour. However, energy-intensive companies would be exempt and other businesses would pay only 25 per cent of the full rate.

The push for a wider European agreement on energy taxes came at the end of a week which saw Mr Lafontaine stepping up calls for harmonisation of company taxes between EU member states – an initiative which has met resistance in the UK.

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Israel and Palestinians ready for Jerusalem talks

By Judy Dempsey in Jerusalem

Israel and the Palestinians will next week begin "final status" negotiations on the future of Jerusalem and other issues, after Israel yesterday completed a phased handover of West Bank land to Yassir Arafat's Palestinian Authority.

In a subdued handover – the first negotiated by a rightwing Likud government – Israeli troops passed 2 per cent of the land over to partial Palestinian rule and a further 7.1 per cent to its full control, as part of the Wye accord signed last month in Washington.

It involved the Authority taking full responsibility for 60,000 Palestinians living in several small villages and rural communities around the north West Bank city of Jenin.

For the Israeli military, the handover was a relief. "Frankly, its a relief not to be running their lives," said an Israeli officer. "It has only caused us grief and trouble. I hope the process continues."

The handover is the first of three to be completed within the next three months, along with the release of 750 Palestinian prisoners, the opening of Gaza's new international airport, the establishment of a safe passage between Gaza and the West Bank and the opening of an industrial estate in Gaza.

Yesterday, as part of the first phase, Israel released 250 prisoners. This is seen as one of the most emotional issues for Palestinians, especially as 3,000 prisoners still remain in Israeli jails. The event, however, was marred by Israel's decision to include with the 100 political prisoners 150 Palestinian criminals, some of whom were in any case due to be released in the coming days.

In Gaza, the protocol for opening the airport was signed, ending two years of negotiations over security arrangements. Mr Arafat said the first flight would arrive on Tuesday, from Egypt.

Meanwhile, Ariel Sharon, Israel's foreign minister, is preparing to start "final status" negotiations, with the Palestinian side led by Mohammad Abbas, also known as Abu Mazen. These talks will focus on Jerusalem as well as the Jewish settlements, Israel's borders, water and refugees.

■ Stephen Fidler adds from Washington: The US has announced plans for a conference to help raise billions of dollars in new financial assistance for the Palestinians. Fifty governments and multilateral organisations have been invited to the meeting, to be held in Washington on November 30 and chaired by Madeleine Albright, secretary of state.

Man in the news, Page 7

Ghost grain helps China meet its production targets

Fake harvest reports in pursuit of an 8% growth pledge recall the days of the Great Leap Forward, reports **James Harding**

When Zhu Rongji toured eastern China earlier this year to inspect the provincial grain stores, he must have welcomed the sight of depots full to the brim. All the more unwelcome, therefore, have been the reports over the last week that in the case of at least one granary, the healthy stock of rice was an elaborate hoax to dupe the prime minister.

In the poor agricultural province of Anhui that sits along the lower reaches of the Yangtze river, the managers of a loss-making grain station borrowed more than [illegible]00 tonnes of rice and spent more than RMB100,000 ($12,000) transporting grain from neighbouring stores to show that all was going according to plan when Mr Zhu, the prime minister, visited in June. The grain was later returned, leaving the storehouses empty.

Provincial Chinese officialdom has an extraordinary record when it comes to fabricating data to please party cadres up the hierarchy. But, as Beijing has clung to the politically sensitive growth target of 8 per cent this year and the headline economic numbers appear increasingly at odds with such important indicators as power consumption and freight cargo, the falsification of figures has become more than just the perennial gripe of economists and statisticians.

Massaging the economic evidence has become the subject of public debate and the cause of deep discomfort at the highest levels of the Chinese leadership.

The con trick at the Anhui grain store has a distressing echo in China. During the Great Leap Forward, Chairman Mao's disastrous scheme in the late 1950s to multiply agricultural and industrial output, local officials vied for the favour of the Chinese leadership by producing ever more incredible reports of record grain harvests, even while tens of millions of people were starving.

The gulf between reality and reports from rural officials is plainly not as wide in 1998. Nevertheless, there are serious concerns that the steadfast commitment of China's political leaders – notably President Jiang Zemin and Mr Zhu – to hit the 8 per cent economic growth target is fostering false reporting.

"If you have a strict, unbending target, then there is a tendency for local government to lie and cheat and please the higher authorities at any cost," says Steve Xu, analyst at Standard Chartered in Hong Kong.

Chinese farmers prepare grain for sale in 1997. This year, some of the crop has been less visible AP

This week, Liu Guoguang, one of China's best known economists, said too much emphasis on the growth goal could "prompt local officials to report false successes".

A number of "false successes" have recently come to light. China yesterday announced that it had fined Chengdu Hongguang Industrial, a maker of television components, and punished a number of its officials for supplying false information in order to get a listing on the Shanghai stock exchange last year. The company had falsely claimed a profit for 1996 of RMB54m, rather than an actual loss of RMB103m, and continued reporting profits even while it was losing money after the listing.

In the town of Beipiao in Liaoning, a province in the north of the country, the China Economic Times reported that one municipal official multiplied the output of several local enterprises fivefold "in order to fulfil the task given by a higher-level official".

In a nearby rural area, it has emerged that while the local government body reported the value of last year's beansprout production at RMB14.3m, the real value was only RMB1.3m – less than 10 per cent of the figure claimed.

The recent frequency of news in the state media about inflated official reporting suggests not only that government alarm about systematic disinformation is growing, but also that Beijing may well be lowering expectations of growth this year and preparing the ground for a final figure below the 8 per cent target.

Wishful thinking has for years blurred China's statistics. Western economists have become accustomed to knocking 2 percentage points or so off the annual gross domestic product growth figures to account for the systematic over-reporting and double-counting.

But the scepticism has reached a new pitch this year, as many analysts feel local officials have been under extraordinary pressure to inflate the production numbers to ensure China meets the growth target that Mr Zhu pledged to hit at the beginning of the year.

Local officials, too, suggest they have little choice but to tell a few white lies. In Liaoning, for example, one official observed that government grants and personal perks depended on growth performance: "Those who tell the truth and report the real figures will suffer."

Provincial pride, too, plays a part. Yang Chifeng, responsible for the grain store in Nanling county that borrowed rice to impress Mr Zhu this year, was quoted as saying: "Nanling is one of China's big grain-producing prefectures. It would be embarrassing if higher officials found no grain here."

Heavy backing from states for tobacco deal

By Richard Tomkins in New York

The $206bn US tobacco deal yesterday looked set to enter the record books as the world's biggest civil liability settlement after gathering overwhelming support from the states that had been asked to sign it.

As the noon deadline passed, a handful of states had still to announce whether they had sent their acceptances to Christine Gregoire, the Washington state attorney general who led the negotiations.

But the deal had won the votes of states representing well in excess of 80 per cent of the money to be paid out – the threshold that had to be reached for the deal to take effect.

The settlement provides for the big US tobacco companies to pay the states $206bn over the next 25 years to settle their claims for the cost of treating sick smokers under the Medicaid public health programme.

The tobacco companies have also agreed to drop nearly all outdoor advertising and to accept curbs on other marketing tools such as sports sponsorship and promotional merchandise.

Because the deal is a private legal settlement between the tobacco companies and the states, it does not require federal government approval – unlike the previous attempt at a deal, which went wrong in Congress earlier this year.

After all the legal documents have been signed over the next few days, the settlement will take effect immediately.

One remaining obstacle is the vigorous opposition of the public health community, which regards the settlement as a sell-out to the tobacco industry and is fighting to block it.

Action on Smoking and Health, an anti-tobacco lobbying group, said the deal still required the approval of the courts in which the state lawsuits were filed because judges had a supervisory authority over any kind of settlement.

"The battle is not over," said John Banzhaf, Ash's executive director. "We have pending in the 10 most populous states a challenge asking judges to hold up the settlement and to order a 30-day review period in which it can be studied, followed by a hearing at which views can be aired."

Public health groups oppose the deal because it does not give the Food and Drug Administration the power to regulate tobacco and does not penalise the industry if teenage smoking fails to decline.

They also fear that the deal will be regarded as a final solution to the tobacco issue, making it less likely that further action will be taken.

United Kingdom
Debt Management Office

ISSUE OF £450,000,000

2½% INDEX-LINKED TREASURY STOCK 2013

INTEREST PAYABLE HALF YEARLY ON 16 FEBRUARY AND 16 AUGUST
FOR AUCTION ON A UNIFORM PRICE BASIS ON 25 NOVEMBER 1998

NON-COMPETITIVE BIDS PAYABLE IN FULL WITH APPLICATION AT THE RATE OF £190 PER £100 OF STOCK

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 26 November 1998

Auction of Stock

1. THE UNITED KINGDOM DEBT MANAGEMENT OFFICE ("the DMO") invites bids for the above Stock.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock published by the DMO on 12 May 1998 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. If not previously redeemed under the provisions of paragraph 10, the Stock will be repayable on 16 August 2013. The value of the principal on repayment will be related, subject to the terms of this prospectus, to the movement during the life of the Stock of the United Kingdom General Index of Retail Prices maintained by the Office for National Statistics, or any index which may replace that Index for the purposes of this prospectus, such movement being indicated by the Index figure issued monthly and subsequently published in the London Gazette.

4. The amount due on repayment, per £100 nominal of Stock, will be £100 multiplied by the Index ratio applicable to the month in which repayment takes place. This amount, expressed in pounds sterling to four places of decimals rounded to the nearest figure below, will be announced by the Bank of England not later than the business day immediately preceding the date of the penultimate interest payment.

Indexation

5. For the purposes of this prospectus, the Index figure applicable to any month will be the Index figure issued seven months prior to the relevant month and relating to the month before that prior month; "month" means calendar month; and the Index ratio applicable to any month will be equal to the Index figure applicable to that month divided by the Index figure applicable to February 1985.

Interest

6. Interest is payable half-yearly on 16 February and 16 August. Each half-yearly interest payment will be made at a rate, per £100 nominal of Stock, of £1.25 multiplied by the Index ratio applicable to the month in which the payment falls due. The rate of interest for each interest payment, which will be announced by the Bank of England not later than the business day immediately preceding the date of the previous interest payment, will be expressed as a percentage in pounds sterling to four places of decimals rounded to the nearest figure below.

7. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 16 August 1998 (the last interest payment date of the Stock) to 25 November 1998 (the settlement date of this further issue) at the rate of £1.289290 per £100 nominal of Stock. The further issue of the Stock will also rank for the full six months' interest due on 16 February 1999 at the rate of £2.2897 per £100 nominal of Stock.

Revisions to the Index

8. If the Index is revised to a new base after the Stock is issued, it will be necessary, for the purposes of the preceding paragraphs, to calculate and use a notional Index figure in substitution for the Index figure applicable to the month in which repayment takes place and/or an interest payment falls due ("the month of payment"). This notional Index figure will be calculated by multiplying the actual Index figure applicable to the month of payment by the Index figure on the old base for the month on which the revised Index is based and dividing the product by the new base figure for the same month. This procedure will be used for each occasion on which a revision is made during the life of the Stock.

9. If the Index is not published for a month for which it is relevant for the purposes of this prospectus, the Bank of England, after appropriate consultation with the relevant Government Department, will publish a substitute Index figure which shall be an estimate of the Index figure which would have been applicable to the month of payment, [illegible] shall be used for all purposes for which the actual

10. If any change should be made to the coverage or the basic calculation of the Index which, in the opinion of the Bank of England, constitutes a fundamental change in the Index which would be materially detrimental to the interest of the stockholders, Her Majesty's Treasury will publish a notice in the London Gazette immediately following the announcement by the relevant Government Department of the change, informing stockholders and offering them the right to require Her Majesty's Treasury to redeem their Stock. For the purposes of this paragraph, repayment to the stockholders who exercise this right will be effected, on a date to be chosen by Her Majesty's Treasury, not later than seven months from the last month of publication of the old Index. The amount of principal due on repayment and of any interest which has accrued will be calculated on the basis of the Index ratio applicable to the month in which repayment takes place. A notice setting out the administrative arrangements will be sent to stockholders at their registered address by the Bank of England at the appropriate time.

FOTRA exemptions

11. Under legislation contained in the Finance Act 1998, the exemptions from United Kingdom taxation in favour of non-resident holders described in paragraph 44 of the Information Memorandum apply to this Stock.

Gross payment of interest

12. Interest will be paid without deduction of income tax. However, stockholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Methods of application

13. Bids may be made on either a competitive or non-competitive basis as set out below and in accordance with paragraphs 31-39 (except those paragraphs indicated below) of the Information Memorandum.

Competitive bids

14. Competitive bids may only be made by those gilt-edged market makers who have been formally recognised as index-linked gilt-edged market makers ("IG GEMMs") by the DMO. IG GEMMS may make competitive bids either on their own account or on behalf of clients. Competitive bids must be made by telephone to the DMO not later than 10.30 AM ON WEDNESDAY, 25 NOVEMBER 1998. Each competitive bid must be for one amount and at one price expressed as a multiple of £0.01 of £1 per £100 nominal of Stock. Competitive bids must be for a minimum of and in multiples of £1 million nominal of Stock. Paragraphs 34(i) and (iii) of the Information Memorandum do not apply to competitive bids for this further issue of Stock.

Non-competitive bids - IG GEMMs

15. Each IG GEMM may make one non-competitive bid which must be made by telephone to the DMO not later than 10.30 AM ON WEDNESDAY, 25 NOVEMBER 1998. The nominal amount of each IG GEMM's non-competitive entitlement will be communicated individually to each IG GEMM by the DMO prior to the auction. If any IG GEMMs do not bid for their full non-competitive entitlements, the remainder will be combined with the Stock available for allotment to competitive bids. Paragraphs 35(iv) and (vii) of the Information Memorandum do not apply to non-competitive bids from IG GEMMS for this further issue of Stock.

Non-competitive bids - other applicants

16. Other applicants may make non-competitive bids by completing the application form issued with the prospectus. Each non-competitive bid must be for a minimum of £1,000 nominal of Stock and for not more than £250,000 nominal of Stock, and must be for a multiple of £1,000 nominal of Stock. Paragraphs 35(ii) and (iv) of the Information Memorandum do not apply to non-competitive bids from non-IG GEMMs for this further issue of Stock. Completed application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP, who are acting on behalf of the DMO, to arrive not later than 10.30 AM ON WEDNESDAY, 25 NOVEMBER 1998; or lodged by hand at the DMO, Cheapside House, 138 Cheapside, London not later than 10.30 AM ON WEDNESDAY, 25 NOVEMBER 1998.

Non-competitive bids: amount payable on application

17. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by an IG GEMM) is £190 per £100 nominal of Stock.

price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the DMO decides that any competitive bid should be accepted (the "striking price"). Applicants whose competitive bids are accepted will purchase Stock at the striking price (plus accrued interest). Competitive bids which are accepted and which are made at prices above the striking price will be satisfied in full. Competitive bids which are accepted and which are made at the striking price may be satisfied in part only. No sale will be made of an amount less than £1,000 nominal of Stock. Non-competitive bids which are accepted will be accepted in full at the non-competitive sale price plus accrued interest. The non-competitive sale price will be equal to the striking price.

Bids irrevocable

19. Bids will not be revocable between 10.30 am on Wednesday, 25 November 1998 and 10.00 am on Monday, 30 November 1998.

United Kingdom Debt Management Office
LONDON

17 November 1998

APPLICATION FORM FOR 2½% INDEX-LINKED TREASURY STOCK 2013

TO THE UNITED KINGDOM DEBT MANAGEMENT OFFICE

I/We apply in accordance with the terms of the prospectus dated 17 November 1998; and the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock dated 12 May 1998 (the "Information Memorandum") as follows:-

Nominal amount of 2½% Index-linked Treasury Stock 2013 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £250,000 nominal of Stock: £

Sum enclosed, being £190 for every £100 NOMINAL of Stock applied for: £

I/We request that Stock sold to me/us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.

I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the person(s) on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/we have obtained and recorded evidence of the identity of each person on whose behalf I am/we are applying, and I/we will on demand make such evidence available to the DMO or the relevant supervisory authority.

Date ..... SIGNATURE(S) ..... of, or on behalf of, applicant

.....

DETAILS OF APPLICANT(S)
(If not person(s) in Registration Details)
FORENAME(S) AND SURNAME(S) *ADDRESS (including postcode)*

CAPITAL LETTERS PLEASE
REGISTRATION DETAILS
Stock may be registered in the names of individuals or a corporate body.

Title | Forename(s) in full | Surname
Address
Postcode
Title | Forename(s) in full | Surname
Address
Postcode
Daytime Telephone Number (in case there is a query)

FOR BANK OF ENGLAND USE
Box No. A467 | Ext. | Reference
New Account No. | Cert. Posted Date

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered at the Bank of Ireland, Belfast, in which case please tick the box. ☐

NOTE: For holdings on the Bank of England Register, interest payments on this Stock will be paid without deduction of United Kingdom income tax unless this box is ticked. I/We request that tax is deducted from interest payments on my/our holding of this Stock. ☐

(a) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues"; and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The DMO reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant is acting as agent. An applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society statement.

(b) The procedure for any refund, or further amount payable, is set out in the Information Memorandum

TOKYO SUMMIT US HINTS THAT UNLESS JAPAN 'PLAYS FAIR' IT RISKS AROUSING PROTECTIONIST RETALIATION

Clinton conjures up spectre for Obuchi

By Gerard Baker in Washington

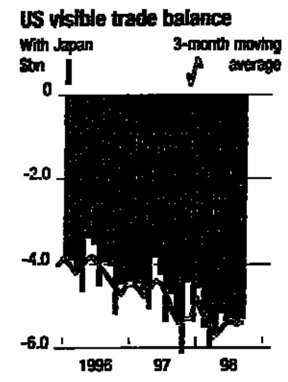
For more than a year the US has been hammering away at Japan with a familiar message: do more to stimulate growth, sort out your financial mess, and open markets, both for your own good and for the benefit of the entire Asian economy. Or else.

Or else what? Until yesterday there was no direct answer to that question. US Treasury officials, with binding faith in rational expectations, simply asserted that change was what Japan had to do if it was to recover. There was no question of trying to coerce Tokyo with threats.

But yesterday, with President Bill Clinton's brief but significant visit to Japan, the merest hint of an "or else" began to emerge.

Mr Clinton warned Keizo Obuchi, the Japanese prime minister, that if Japan did not "play fair" in the international trading system, it risked provoking a protectionist backlash.

Americans, he said, had shouldered a great deal of the burden of helping the world recover from the effects of the Asian crisis, principally by sucking in imports from troubled countries. But there was a limit to the patience of US citizens and companies.



As Lawrence Summers, the deputy Treasury secretary described it after yesterday's meeting of the two leaders, "the president said the US had been a major source of strength for Japan, and he thought that approach was right. But it was a policy whose viability depended on everyone playing by the rules".

Japan, went the suggestion, was not playing by the rules. Its refusal to lower tariffs on forestry and fishery products in this week's Apec negotiations, and the dumping practices of its steel companies, which have raised their exports to the US fivefold this year, would not be tolerated by an angry American public, who would demand retaliation.

Mr Summers was anxious to stress that this was something that "does not need to happen".

For the time being, however, the spectre of protectionism seems to have been floated with the aim of frightening Japan. As Tom Foley, the US ambassador to Tokyo, said: "Japan is the country the least likely to feel that the growth of international protectionism would help it."

In fact, rather than retaliating, the US is currently pursuing its objections with Japan through the legal framework of the international trading system.

But the hope was that the vaguest hint that there were forces beyond the administration's control might be enough to shift the Japanese into a quick agreement.

Mr Clinton did his best to convey a more positive message in the other areas of US economic friction with Japan. He gave a lukewarm response to the latest Japanese fiscal package, and expressed only hope that the financial system reforms introduced last month would work.

But on a conciliatory note, he told Mr Obuchi that Japan could learn from mistakes made by the US. When it had faced its own financial crisis a decade ago, it had also reacted hesitantly. The delay, he said, cost the country at least five times as much as it would have done if the government had acted immediately. And a few years ago, the US had also been reluctant to deregulate its telecommunications and airline industries, fearful of the effect on jobs. But in the end the US had gained enormously by promoting competition.

Japan, he suggested, gently, could do the same.

Clinton in Tokyo: he delivered a veiled warning to the Japanese premier yesterday AP

CLINTON'S SOUTH KOREA VISIT KIM DAE-JUNG IS ANXIOUS TO CALM RELATIONS WITH THE COMMUNIST NORTH

Seoul urges caution over reactor fears

By John Burton in Seoul

Kim Dae-jung, the South Korean president, yesterday cautioned against overreaction to reports that North Korea is building a suspected underground facility that would violate a 1994 nuclear freeze agreement with the US.

"There is no evidence that North Korea violated the Geneva agreement," said Mr Kim just hours before Bill Clinton, the US president, was due to arrive in Seoul.

Mr Clinton this week issued a stern warning about suspected attempts by North Korea to revive its nuclear weapons programme.

In a reversal of roles, South Korea is promoting a policy of rapprochement through economic co-operation with North Korea, while Mr Clinton is taking a more hardline stance after earlier adopting a policy of engagement with Pyongyang that was criticised by the previous Seoul government.

Mr Kim also called for calm after South Korea yesterday detected a suspected North Korean vessel off its west coast and posted a full alert against possible infiltration by commandos.

The South Korean leader said he was worried "economic recovery efforts might be undermined if we exaggerate the (underground site) issue before we have all the facts." South Korea is seeking foreign investment after receiving a $58bn bail-out from the International Monetary Fund last year.

Charles Kartman, Mr Clinton's special envoy for Korea, said after a recent visit to Pyongyang there was "compelling evidence" North Korea's underground facility was nuclear-related.

The US has demanded access to the Kumchangri site, 185km north of Pyongyang, but has refused to accept a North Korean demand that it should pay $300m to inspect the facility.

The US is also worried about the launch of a new North Korean medium-range ballistic missile in August that flew over Japan.

Starr suffers a blow as adviser quits

By Richard Wolffe in Washington

Kenneth Starr, the independent counsel investigating President Bill Clinton, suffered a substantial blow yesterday as his senior ethics adviser resigned in protest at his testimony before Congress.

Sam Dash, former chief counsel to the Senate Watergate committee, accused Mr Starr of breaking the law by arguing for the president's impeachment before the House of Representatives judiciary committee on Thursday.

Mr Dash, a widely revered expert on impeachment and a registered Democrat, was seen as a vital bulwark against White House criticism that Mr Starr's investigation was politically driven.

In a letter sent to Mr Starr yesterday, Mr Dash said: "You have violated your obligations under the independent counsel statute and have unlawfully intruded on the power of impeachment.

"Against my strong advice, you decided to depart from your usual professional decision-making by accepting the invitation of the House judiciary committee to appear before the committee and serve as an aggressive advocate for the proposition that the evidence in your referral documents that the president committed impeachable offences."

In an impromptu press conference outside his home, Mr Starr praised Mr Dash as "a man of principle" but insisted he was obliged to defend his impeachment report before the House committee.

Mr Dash, who helped to draft the independent counsel law, had been an important supporter of the role of Mr Starr. He had defended Mr Starr's controversial decision to remain in private legal practice at the same time as serving as independent counsel, although he conceded the dual role did "have an odour to it".

The 73-year-old law professor described his role as "to see that this prosecution is conducted fairly and objectively without any political overtones to it". But he came under attack himself for charging $400 an hour for his advice to Mr Starr.

Mr Starr appeared relieved that his 12-hour testimony before congressmen was over, and insisted the issue was now in the hands of Congress. "This is a judgment that is entrusted to the people's body," he said.

At the end of his marathon testimony, Republican congressmen applauded his vigorous defence of the investigation into Monica Lewinsky. However, Mr Starr came under sustained attack from Democrats and was unhappy at intense questioning by David Kendall, the president's attorney.

The White House yesterday reacted angrily to Mr Starr's surprise announcement on Thursday that he could find no evidence to prove allegations of presidential misconduct over the misuse of FBI files or the firings in the White House travel office.

Joe Lockhart, president Clinton's spokesman, said: "I think it is quite astonishing that the independent counsel has had this information that exonerates the president and others and has done nothing about it."

The House judiciary committee will continue its impeachment inquiries by calling as witnesses Robert Bennett, the president's lawyer in the Paula Jones sexual harassment case, and Bruce Lindsey, Mr Clinton's closest aide.

The committee also voted to extend its investigation into allegations by Kathleen Willey, a former White House aide, who claims to have been molested by Mr Clinton near the Oval Office.

SALEROOM

Van Gogh portrait sold for $71m

By Antony Thorncroft

A self-portrait by Van Gogh, painted as a 70th birthday present for his mother in 1889 while he was in the asylum at Saint-Remy, sold for $71m at Christie's in New York on Thursday night.

It was the third highest price ever paid for a work of art at auction, exceeded only by Van Gogh's portrait of his physician, Dr Gachet, which made $82.5m in May 1990 and Renoir's "Au Moulin de la Galette", which sold for $78.1m in the same week.

The self-portrait, apparently based on an old photograph, had been estimated at between $20m and $25m, but after a slow start there were five potential buyers above $20m and two competed fiercely above $40m. The eventual buyer remains anonymous. The painting was sold by the Koerfer family of Zurich.

Its sale set the seal on a very successful auction of modern art at Christies and a reassuring week for the auction houses. The 68 works of modern art on offer on Thursday made a total of $166.73m, with 59 finding buyers.

An auction record of $7.15m was paid for a work by Magritte, "Les valeurs personelles", and two other paintings by this Belgian surrealist artist topped his previous best.

"Le Château noir" by Cézanne comfortably exceeded its estimate, selling for $11.5m. With one auction to go Christie's brought in $250.7m from 19th century, modern and contemporary art during the week of sales with 38 works fetching above $1m. Sotheby's total, including private sales, was $226m, its highest for a series of auctions since May 1990.

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FT FINANCIAL TIMES Finance

Indian company denies secret document claims

By Krishna Guha in Bombay and Mark Nicholson in New Delhi

India's biggest petrochemical producer, Reliance Industries, yesterday denied claims it had obtained classified government documents, blaming its competitors for the allegations.

The denial follows raids by the Central Bureau of Investigation on Reliance's head offices in Bombay and Delhi on Thursday. Police also searched properties belonging to the Ambani family, its controlling shareholders.

Earlier this month Delhi police questioned V. Balasubramanian, Reliance Group president and the company's main political lobbyist, over his alleged possession of confidential government documents. They later registered preliminary charges against Mr Balasubramanian under the Official Secrets Act. The documents are alleged to include minutes of meetings called to discuss the impact of US sanctions after India's nuclear tests, privatisation plans and proposals for tariffs on oil products.

Mr Balasubramanian's lawyer said the files seized contained no confidential information. "None of these relate to any aspect of national security, defence secrets, cabinet notes, e-mail and/or budget papers of the government of India," he said.

Reliance said the matter was between Mr Balasubramanian and the police. The company had co-operated fully with the authorities, and would continue to do so.

"Nothing incriminating was found in the course of these searches in Bombay and Delhi," the company said. "Reliance has never obtained or used any documents or information covered by the provisions of the Official Secrets Act."

There is no suggestion the Ambani family was directly involved in Mr Balusubramanian's activities. But the investigation is embarrassing as Mr Balasubramanian has been a close associate of the Ambanis for many years.

Hopes of Falklands oil find fizzle out

By Robert Corzine

The Falkland Islands' nascent oil boom fizzled out yesterday after Royal Dutch/Shell reported that its second well drilled north of the islands in the south Atlantic was dry.

The Fitzroy-1 wildcat well was the last of five that international oil companies drilled under the terms of a controversial licensing round that first opened the remote area to exploration.

Shell said it discovered "hydrocarbon indications," but as with an earlier well it found "no commercial volumes".

Drilling in the south Atlantic has provoked protests in Argentina, where the Senate passed legislation demanding that royalties be paid to Buenos Aires should any oil be found and eventually produced.

Officials from the Falkland Islands government said they never expected a discovery, although they admitted to some "disappointment" over the negative results.

"We now have a wealth of data to analyse," said Phyllis Rendell, the school teacher turned Falkland Islands oil minister. "It was a jolly good beginning."

It will take at least six months for the companies to interpret the data, but Mrs Rendell conceded that this year's collapse in oil prices meant there was little likelihood of an early return of the companies to the Falklands for a second round of drilling.

Even a modest commercial oil strike could have transformed the financial and political fortunes of the 2,300 Falkland islanders.

NEWS DIGEST

JAPANESE POLITICS

Tokyo names new defence minister after scandal

Hosei Norota, a 69-year-old member of Japan's ruling Liberal Democratic party (LDP), was yesterday named defence minister. The appointment follows the resignation of Fukishiro Nukaga in the wake of a procurement scandal that led to the indictment of two former officials and 12 others.

Prosecutors accuse former officials in the defence agency's procurement department of allowing two subsidiaries of NEC, the electronics company, to reduce the funds they were to return to the agency after it was discovered that they had overcharged it.

In return, the officials demanded that the companies hire retiring agency officials. Mr Nukaga, who had been in his job for just one month when the scandal surfaced, faced a censure resolution in the upper house of the Diet, where the LDP does not have a majority. Mr Norota faces a difficult task guiding the defence agency back to public respectability. **Michiyo Nakamoto, Tokyo**

THAI FINANCE

Asset auction postponed

Thailand's financial sector restructuring authority has postponed by two weeks its auction of about $10.5bn in assets confiscated last year from bankrupt finance companies. The auction, claimed to be the world's largest ever one-day sale of assets, will now be held on December 15 instead of December 2.

The authority said there were two reasons for the delay. It has added 10 new tranches of loans to be sold – eight grouped by specific industry and two grouped by shared collateral – and needed to give auction participants a chance to review them. In addition, the number of auction participants had exceeded its expectations and potential purchasers needed more time to conduct due diligence. **Ted Bardacke, Bangkok**

ZIMBABWE ARMY

Fears of Congo mutiny

Zimbabwe dispatched 1,500 military police to Congo yesterday amid fears some Zimbabwean troops deployed there are on the verge of mutiny, according to the Zimbabwe Independent, a respected independent business weekly.

The paper said the military police aimed to crack down on "unprecedented indiscipline" among soldiers discontented with their role in an offensive against Congolese rebels in the east of the vast mineral-rich country.

Zimbabwe has about 8,000 troops fighting alongside Angolan and Namibian allies supporting President Laurent Kabila of Congo. **AP, Harare**

SPYING CASE

Cyprus charges two Israelis

Cyprus yesterday charged two Israeli nationals with spying. In a case which has seriously strained diplomatic relations with Israel, authorities brought charges of spying, conspiracy to spy and possession of banned listening equipment against Udi Hargov, 37, and Igal Damary, 49. **Reuters, Larnaca**

مكبر من الاصل

ECONOMY EXPECTATIONS RAISED OF FURTHER INTEREST RATE CUT

Growth well below long-term trend

By Christopher Adams, Economics Staff

Economic growth has fallen significantly below its long-term trend rate for the first time in more than two years, despite the continued strength of domestic spending.

The Office for National Statistics yesterday revised down its estimate of third-quarter growth from a seasonally adjusted 0.5 per cent of gross domestic product to 0.4 per cent. The data raised expectations among some economists that the Bank of England could cut rates again when it meets next month. "The balance of risks to inflation and the economy lies firmly on the downside with UK output now below trend," said Marian Bell at Royal Bank of Scotland.

Overall output growth actually slowed from the previous quarter, when the economy expanded 0.5 per cent. The annual rate of growth comparing July to September with the year earlier was also revised downwards from 2.5 to 2.3 per cent. Weaker growth than previously estimated in manufacturing and construction was the main reason for the revision. Output from the more robust services sector continued to rise, increasing 0.6 per cent, a slower rate though than during last year. Transport, communications and business services provided the backbone of services growth.

The fuller data also showed that a large stock overhang is building. Inventories rose more sharply than many economists were expecting, by £1.69bn, the seventh consecutive quarterly increase. "This looks perverse given the outlook for demand, suggesting that it was involuntary," said Michael Picks, economist at Lehman Brothers.

The increase in stockbuilding, shared between manufacturers and retailers, may also help explain the surprisingly strong 0.9 per cent growth in total domestic demand. The data reinforce the view that an economic slowdown is imminent and could heighten concerns that the chancellor of the exchequer's predictions for future growth may be overly optimistic.

But Adam Cole, economist at HSBC, said the figures would probably have few implications for monetary policy. The Bank of England had pointed to the possibility of a downward revision.

Household spending rose by 0.4 per cent, weaker than the growth in retail sales. Consumer confidence, meanwhile, has recovered slightly.

A survey published today says recent cuts in interest rates have boosted sentiment. The monthly report, published by GfK, a polling organisation that carries the research on behalf of the European Union, shows consumers are now more optimistic about the economy than they were in October. The composite index used by GfK to express the level of confidence rose from −9 to −7 in November. Some 38 per cent of those surveyed expect it to deteriorate over the next year, compared with 43 per cent last month.

Warner appoints Universal chief as chairman

By Alice Rawsthorn

Warner Music, one of the UK's biggest record companies, has appointed Nick Phillips, managing director of Universal Music (UK), as its new chairman.

Mr Philips will succeed Rob Dickins, a flamboyant figure who has chaired Warner for more than a decade and worked as an executive producer on albums for artists such as Cher, Enya and Rod Stewart.

The Warner reshuffle comes at a turbulent time for the UK music industry. One of the country's strongest export sectors, it now faces tough trading conditions in the sluggish global music market and is dogged by the strong pound.

Other big UK record companies, notably Bertelsmann and EMI, have also appointed senior management this year. Jean-François Cecillon, ousted as head of EMI's UK record labels this spring, is understood to have accepted a post as chief executive of the European arm of Sega, the Japanese video games group.

This appointment is expected to be announced next week.

The industry is braced for more job losses after Seagram, Universal's Canadian parent, completes its $11bn bid for PolyGram early next month.

Mr Phillips, Warner's recruit, was an early casualty of the bid last month when he quit Universal after Seagram appointed John Kennedy, chairman of PolyGram (UK), as head of its enlarged UK music division.

He will take charge of Warner after a successful year in which it has released hit albums by The Corrs, Simply Red, Madonna and REM.

Warner has also topped the UK singles chart for four weeks with Cher's *Believe*, executive produced by Mr Dickins.

Senior Warner executives met Mr Dickins in Los Angeles yesterday to discuss the possibility of his remaining as a consultant or to launch his own record label.

Warner has also held talks with Roger Ames, PolyGram's head of worldwide music, regarding a senior executive role and a distribution deal for London Records, his label.

Mr Ames has also been courted by Bertelsmann and Universal.

ROYAL OPERA THE FORMER HEAD OF NEW YORK'S AMERICAN BALLET THEATRE HAS TAKEN CHARGE IN LONDON

US 'can do' man takes centre stage

By Antony Thorncroft

When Michael Kaiser ran the American Ballet Theatre in New York its finances were so bad he had to switch off every second light bulb and was unable to order copying paper.

The new Royal Opera chief executive, brimming with north American "can do" confidence, believes the situation at the beleaguered institution is nowhere near as dire. It is, he insisted yesterday, "dramatic in terms of public perception rather than cash".

Mr Kaiser, 44, said the new opera house, due to open next December after a £314m ($359m) overhaul, was on time and on budget. It should open its doors on December 1 1999.

Mr Kaiser, the fourth person to take up the post at the cash-strapped Opera House in two years, is hopeful negotiations with the dancers, the orchestra, the technicians and the opera chorus over new contracts will soon be concluded.

Once a deal is agreed the government should provide enough money to enable it to put into practice its new policy of lower ticket prices and wider access. He expects to reduce seat prices for many performances, particularly matinees and at weekends.

Michael Kaiser: Royal Opera House situation is 'dramatic in terms of public perception rather than cash' Reuters

If the government will not provide extra cash on top of the annual subsidy of £15m, Mr Kaiser, who arrives with a fearsome reputation as a fundraiser, expects to raise the money from the corporate sector, trusts and individuals.

He also seems to have persuaded Bernard Haitink to stay on as music director. Mr Haitink threatened to leave because there was little work planned for the orchestra in 1999. Now Mr Kaiser hopes to schedule some concerts and semi-staged opera performances.

He also expects to schedule a full programme by the Royal Opera and Royal Ballet by 2002.

But Mr Kaiser still faces obstacles. The board cannot appoint an artistic director until negotiations with unions over working practices, and with the government over a larger grant, are finalised.

He admitted some Royal Ballet dancers, upset at contracts that increase work load while freezing pay, might quit. In addition, the accumulating deficit is still rising to a planned peak of £20m by March 2000.

Mr Kaiser is doing his best to identify with the artists – he has taken singing and dancing lessons – and to stress artistic quality as much as financial prudency.

He has no contract at Covent Garden. If things deteriorate further he can walk away knowing that he did not cause the crisis. And he has never been sacked in his life.

CAR INDUSTRY GERMAN GROUP 'OPTIMISTIC'

Talks set to meet BMW investment deadline

By Juliette Jowit in Birmingham

Union negotiations with Rover, owned by BMW of Germany, over working practices at the Longbridge car plant in the English midlands are expected to end next week in time for the parent to agree investment up to £1.6bn ($2.6bn).

BMW has said the investment to build the new Mini or a medium-sized replacement for the 200 and 400 series depends on workers agreeing to more flexible hours and no overtime.

But the German group declined to comment on whether the investment would be delayed if unions and management failed to reach an agreement by the deadline at the end of November.

BMW said it was "positive and optimistic the negotiations will end with a good situation for both sides".

The Transport and General Workers Union said talk of imminent settlement was "premature" but rejected the possibility of not reaching agreement by a week on Monday.

"That scenario doesn't enter our heads," said Tony Woodley, the chief negotiator. "It's our intention to reach an understanding by the end of November. We'll do it one way or another."

Union negotiators are believed to have agreed to a change to four nine-hour shifts a week, in place of five eight-hour shifts, and workers being paid for a full week even when shifts are cut back in return for working the extra time when needed for no extra pay.

Sources close to the talks claimed they had stalled on a proposal to abolish the 50 per cent wage premium for Saturday shifts, and some smaller outstanding items.

Mr Woodley said the talks were making "steady progress" but several areas of disagreement remained. "There's no one single sticking point," he said.

Any agreement will have to be put to the vote with Rover's 40,000 workers in the UK and be approved by the BMW board. The extent of the investment of up to £1.6bn in Longbridge, which employs 14,000 workers, will depend on how far the unions go to meeting the company's demands.

Mr Woodley said confirmation of £1.8bn investment for five new models at the Landrover plant at Solihull, which employs 11,000, is also part of the deal.

"Contrary to everyone's belief everything's safe at Solihull, there's a company in America that's just started making not only sport cars but the first 4x4 which BMW has manufactured under its own name. It's a car, but I'm not taking anything for granted," he added.

Eurosceptics ease Conservative debt

By Andrew Parker and Jonathan Ford

Michael Ashcroft, the Eurosceptic businessman, has delivered £1m ($1.68m) to the Conservative party, according to accounts published yesterday.

The Tory accounts for the year ending March 1998 disclosed the party ran up a deficit of £10.8m after spending £28m on the 1997 general election campaign.

But donations and interest-free loans from businessmen with roles at Conservative headquarters helped leave the party with a bank overdraft of just £3.6m.

The accounts say a "connected party" to Mr Ashcroft, who has business interests in the UK, US and Belize, gave the Tories a £1m cash donation. Mr Ashcroft, treasurer at Conservative Central Office, is believed to be the biggest single donor.

A "close relative" of Sir Graham Kirkham, executive chairman of DFS and former Tory treasurer, provided a £500,000 interest-free loan. A group run by Lord Harris of Peckham, the carpets entrepreneur and another former Conservative treasurer, also gave a £500,000 loan.

Eurosceptics are key Tory donors. Ian McCartney, the Labour trade and industry minister, said the Conservatives had "become dependent on the cash of a few Eurosceptic millionaires".

William Hague, Tory leader, banned foreign donations to the party when he replaced John Major in July last year.

Mr Hague also agreed the the party would, for the first time, publish a list of individuals and companies who had given more than £5,000. However, the list does not cover the period from March to July of last year.

NEWS DIGEST

ASYLUM SEEKERS

Ministers to give $50m to aid local government

The government is providing £30m ($50m) to reduce the burden of the growing number of asylum seekers on municipal authorities in London and south-east England. In an unusual move, the Local Government Association has agreed to organise regional groupings of authorities outside London to take on more asylum seekers, agreeing to run the scheme itself rather than having government organise it.

Some authorities in the north are understood to be resistant to the idea. But Sir Jeremy Beecham, the LGA's chairman, has told local government that the burden "must fall on all local authorities and not just those such as hard-pressed Dover, Kent and West Sussex [on the English south coast]".

The £30m comes on top of the £200m the government already spends and provides additional relief until legislation setting up a central agency comes into force. Announcement of the legislation for that is expected to be unveiled next week but Sir Jeremy says in a letter to all 400 local councils that the agency is unlikely to become operational before April 2000. **Nicholas Timmins, London**

ELECTRICITY

Generator to sell two plants

PowerGen, the UK's second largest fossil-fuel generator, is to sell its Ferrybridge C power station in northern England and Fidlers Ferry in the north-west. The generator was ordered by the government to sell two coal-fired power stations, with a combined capacity of 4,000MW, in return for being allowed to buy East Midlands, the third largest electricity supplier, for £1.9bn.

Peter Mandelson, chief trade and industry minister, ordered the sale of under-used coal capacity in order to encourage greater competition and to protect coal sales while new electricity trading arrangements are introduced. He is understood to be seeking similar sell-offs by National Power the biggest fossil-fuel generator. About a dozen companies, including some from the US, are understood to have expressed an interest. **Andrew Taylor, London**

LABOUR PARTY MEMBERSHIP

Leaders move to halt decline

The leadership of the governing Labour party is seeking to stem a rapid decline in membership by giving the rank and file a greater say in local decision-making. The party membership peaked at 405,000 at the beginning of this year but has since fallen to 380,000.

After two weeks in which the leadership has been accused of "control freakery", the party said yesterday it wanted to give the rank and file more influence over how local constituency parties are run.

A taskforce set by up Labour's ruling national executive committee is expected to recommend next year a downgrading of the general committees that run constituency parties.

The committees, which in the past have been dominated by leftwing activists, may be abolished. They could be replaced by monthly meetings open to all party members. **Andrew Parker, London**

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Blowing hot and cold

After a summer in which icy winds began to blow through world financial markets, as winter approaches the mood is hotting up – perhaps a little too much. The Dow Jones Industrial Average this week bobbed back up above the 9,000 mark, close to the year's high.

Three interest rate cuts in seven weeks – an overall reduction of 0.75 per cent – has convinced the markets that the US Federal Reserve is determined to head off a slowdown. The Bank of England has matched the Fed's cut. And even though the core countries of the euro-zone have refused to budge, convergence at the level of 3.3 per cent implies a reduction of 0.4 per cent in average rates in the euro-zone by the end of the year.

Signs of leadership from the Group of Seven industrial countries, and a $41bn rescue package for Brazil, cobbled together by the US Treasury and the International Monetary Fund, have brought greater stability back to the financial markets.

So the outlook for the international economy is a little brighter than a month or two ago. But according to the latest forecasts from the Organisation for Economic Co-operation and Development, published this week, investors would be well advised to keep their fingers crossed.

Its central prediction is for growth in the OECD area slowing from 2.25 per cent this year to 1.75 per cent in 1999, before staging a moderate recovery and returning to a 2.25 per cent rise in 2000. However, it warns that there are significant risks on the downside that could make the outcome much worse: renewed turmoil in emerging markets; a deepening crisis in Japan; a generalised credit contraction as all but the safest borrowers are frozen out of debt markets; and collapsing stock markets.

Fiscal package

All these threats are interrelated. The IMF package for Brazil, like any attempt to defend a pegged exchange rate, is a gamble which could go wrong. This would have dire consequences for the Latin American economy and could provoke a further bout of trouble. And the first shoots of recovery which are beginning to show in Asia could be squashed by a Chinese devaluation, or by continuing deterioration in Japan.

Despite claims that it amounted to 4 per cent of Japanese GDP, the announcement of the latest Japanese fiscal package barely moved the markets. Once again, the presentation was opaque, and it was unclear how much was new, and how much simply recycled from past plans. The news also coincided with a statement by Moody's, the ratings agency, that it was downgrading Japanese government debt from tip-top to second best status.

Japanese politicians are still hoping to find a way around structural problems in the economy, not least the over-capacity in the corporate and banking sectors. Throwing money at the economy, and bailing out companies and banks indiscriminately might reduce the scale of recession. But unless the structural problems are tackled, a recovery any time soon looks unlikely.

Credit crunch

Whereas the Japanese fiscal package was a damp squib, the US Fed's interest rate cut was far more intriguing. The case for this week's interest rate reduction was far from clear.

Chairman Alan Greenspan warned of a possible credit crunch in October. Since then, the markets have returned to more normal service. The gap between investment grade corporate bonds and Treasuries remains 60 per cent higher than at the start of the year. But bank credit and money supply aggregates are growing at quite a zip.

The Fed's statement said that although financial markets had settled down, "unusual strains remain." Could it be that Mr Greenspan knows of some bad news in the pipeline, but is not letting on, *or* maybe this was a cut too far – bringing US stock markets back to bubble territory. Investors appear to be ignoring the threat to earnings of a slowing world economy, and a ballooning US current account deficit, assured that the Fed will bail them out.

Further cuts are by no means guaranteed. And Mr Greenspan could justifiably expect his European counterparts to take up the baton now. With the UK economy slowing, the Bank of England, for one, will need to do more. But more importantly, so too will the rest of Europe. Once convergence on the euro-zone is achieved, rates should be cut immediately.

The US cannot be expected to perform the role of importer of first and last resort. European central bankers have a responsibility to ensure that growth does not falter. The US has already begun to make protectionist noises. If its current account deficit soars, while demand and the current account in the euro-zone remain flat, the sound of rattling sabres could become deafening.

Back to the dizzy heights

Shares on Wall Street may have returned close to record levels, yet paradoxically investors are becoming gloomy about the outlook for the world economy, says **Richard Waters**

In the past few weeks, as the stock market dipped and then soared to 9,000, Americans appear to have been out doing what has become almost second nature to them: pouring money into new cars and mutual funds.

Let the wise men in New York and Washington stroke their chins over the worsening plight of the emerging world and the risk of a credit contraction at home. In those parts of America that like to think of themselves as the real world, the pursuit of material betterment and investment profits continued in full swing. And the stock market has come back to within a hair's breadth of its all-time high.

What is one to make of this remarkable turn of events? Is the recent stock market recovery evidence that the economy is more robust than seemed possible only a few months ago? Or might it be just a temporary response to the interest-rate cuts of September and October – a rally that may now have run its course?

Share prices had buckled over the summer, weighed down first by concerns that prices had risen to unsustainable levels, then by the wave of fear that swept through the financial markets after the collapse of the rouble.

It has taken three rapid US interest rate cuts to calm the market's nerves. The second of them was a risky emergency manoeuvre in mid-October that could have backfired by sending a message of panic rather than of reassurance – but it seemed to work.

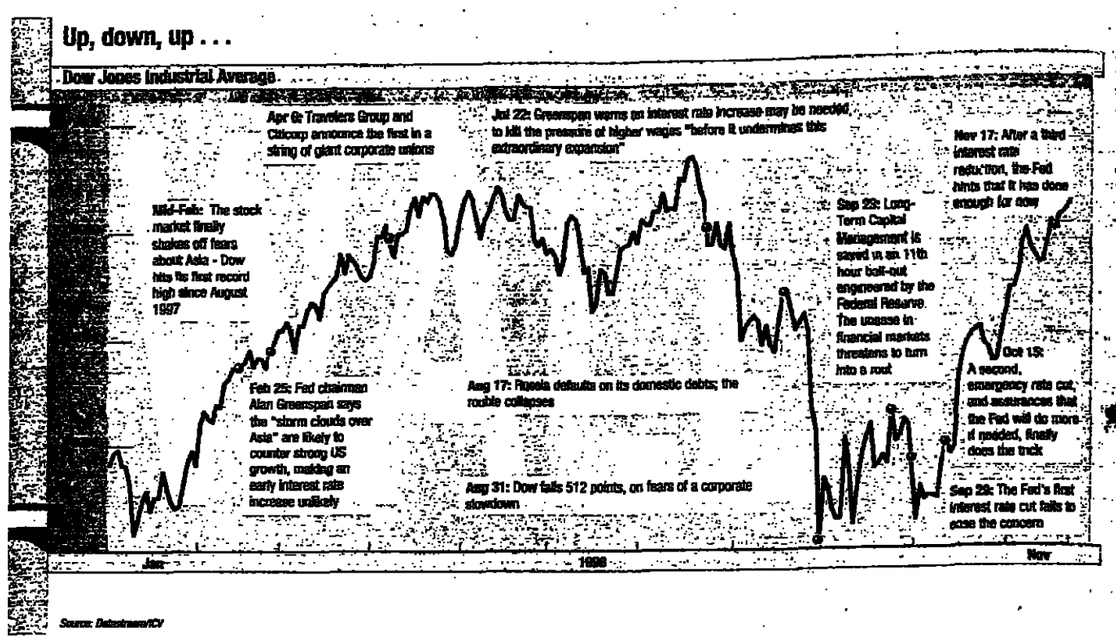
After the third cut this week, though, the Federal Reserve hinted that the reductions are over for the time being. The stock market's relief rally may soon have run its course.

Governments in the developed world claim they do not rig markets, but Wall Street recently seems to have thought otherwise. "Everybody's mantra right now seems to be, don't fight the Fed," says Ed Yardeni, chief economist at Deutsche Bank Securities.

Even the Fed's powers have their limits, though. As Larry Tisch, chairman of Loews Corporation and one of the market's most prominent bears, put it earlier this month: "The question is whether this is a rally in a bear market – or whether there never was a bear market at all."

If it turns out to be the former, history suggests that a second collapse in share prices would end up being far worse than the first.

The rapid-fire rate cuts should be looked at in three ways: their impact on the unsettled credit markets, on the coming slowdown in the US economy, and on the health of the stock market. In the first two instances, Alan Greenspan's actions may prove to have been well timed. But in the third, the Fed chairman's moves could eventually have unpleasant consequences.



Source: Datastream/ICV

The first and most significant effect of the Fed's actions has been to oil the wheels of the credit markets. Two months ago, the spill-over from the emerging market crisis threatened what, just weeks before, would have seemed unimaginable: a sharp contraction in the availability of credit in the developed economies of Europe and the US.

It was the bond markets, where companies and governments borrow, not the stock market, that suffered most of the problems. Investors cut off the supply of cash to anything but the safest borrowers – such as the US Treasury – as fear spread that the world was teetering towards a depression.

An international policy vacuum had contributed to this sense of fear. There were reasons enough to be gloomy: President Bill Clinton was enmeshed in the Lewinsky scandal; Japan was apparently unwilling to act radically to rekindle its collapsing economy; the US Congress was balking at commitments to the International Monetary Fund, and central bankers in the US and Europe were lukewarm on slashing interest rates.

Some of the clouds have cleared. Mr Greenspan's actions have helped; so has the bail-out of Brazil. Liquidity has returned to the bond markets, allowing companies and struggling emerging market countries alike to borrow again (although the spreads, or interest rate premia, they have to pay for the privilege are still at the sort of high levels normally seen only in times of impending recession).

But the return to something closer to normality does not mean the world is safe again. Brazil may have received an international bail-out – the latest attempt to build a fire-wall against the damage that has spread from Asia – but such IMF-led rescues have failed regularly in the past, and this one has its risks. In particular, there is no certainty that Brazil's unruly Congress will agree to all the deep public spending cuts on which the package depends. Japan's ever-larger attempts at reflation and reform seem to draw ever-wider yawns elsewhere. On the whole though, the severest period of the emerging-market crisis seems to be over for the moment: the corrosive fear has passed.

Only the relentless pursuit of higher productivity can keep profits rising – and that is leading many companies to cut back their hiring and capital spending

The second impact of the Fed's actions, on the US economy, is harder to assess.

For now, the domestic economy is motoring along just fine. Were it not for the drag imposed by the large trade deficit, in fact, the talk might be of higher interest rates, not lower ones.

But this state of affairs will not last. For one thing, corporate profits are flagging, and the confidence of chief executives is ebbing.

This will have an important impact on the broader economy. Capital spending by businesses has been the fastest growing part of the economy and a sharp fall would cut 1.5 per cent from gross domestic product growth next year, according to Stephen Slifer at Lehman Brothers.

Consumers, like companies, are expected eventually to start spending less. For the first time in the four decades that records have been kept, Americans are eating into their savings to support their consumption.

The recent round of rate cuts marks an attempt "to get consumers to spend ever more when the savings rate is negative and the stock market bubble is being re-inflated", says Martin Barnes of Bank Credit Analyst, an economic research firm. That may support spending in the short term and ease the slow-down next year, but at potentially much bigger cost later.

The stock market's rebound has been the third, most visible reaction to the Fed rate cuts.

Stock market valuations have virtually returned to the lofty levels touched in July. Yet the outlook for the world economy – and the profits of US companies – are a lot worse than they were then.

The deflationary pressures on US companies are now boringly familiar. Take Tyco International, one of the most successful broad-based American conglomerates. According to Dennis Kozlowski, the company's chairman, "it's very difficult to raise prices in business anywhere right now". Only the relentless pursuit of higher productivity can keep profits rising – and that is leading many companies to cut back their hiring and capital spending. A slowing world economy will only increase the pressure.

Despite this, the price/earnings ratio on US stocks has rebounded to nearly 24, based on highly optimistic expectations of a profit rebound next year. That is roughly the same level as late July, when share prices hit their peak. If corporate profits disappoint, as they have in dramatic fashion this year, then the valuation will look even more strained.

This state of affairs is likely to make Mr Greenspan and his colleagues distinctly uncomfortable. "They seem to have done more to raise irrational exuberance in global stock markets than to ease credit conditions in places where it matters most," says Mr Yardeni.

But an inflated stock market may well be a necessary evil. The massive destruction of wealth that would follow a stock market collapse – the recent dip temporarily wiped more than $2,000bn from the value of stocks around the world, according to Mr Greenspan – could have serious consequences, making consumers everywhere far more cautious at just the moment that the world needs them most.

Next year's economic deceleration in the US will do enough to hurt the export-led recovery of Asian and other emerging markets as it is.

The stock market rebound "screams out for a period of retrenchment", says Mr Barnes. "Consumers have overshot and the stock market has risen too high."

For now, though, middle America's rush to the car showrooms and the feel-good effect of the stock market boom are probably the world's best hope.

LETTERS TO THE EDITOR

EU finance ministers have opportunity to kick-start progress on financial services

From Mr Mark Harding.

Sir, European Union finance ministers meet at the end of this month to discuss the future financial services policy agenda for the EU. The discussion could not be better timed, in the light of the recent turmoil in financial markets and the challenges presented by the euro and the eventual eastward extension of the single market.

What, then, should this agenda include? It is appropriate to highlight three crucial areas which merit particular attention.

First, I would urge financial ministers to make it a priority to improve the legal infrastructure for financial services.

The financial markets benefit from legal certainty. For example, a clear legal basis for taking collateral or netting exposures in an insolvency promotes market safety and stability, allowing firms to reduce credit exposures to one another.

However, within a number of member states the procedure for perfecting collateral is cumbersome and the position on cross-border use of collateral is murky.

These problems are more severe in central and eastern Europe, where the enforceability of netting is also unclear. An initiative to tackle these problems would be particularly timely.

Recent developments also argue for steps to ensure that EU financial services legislation is more flexible and can be updated more swiftly. EU law lags significantly behind market developments, risk management innovation, and international supervisory actions, with adverse prudential and competitive implications.

Agreement is needed urgently on fast-track legislative procedures and on a more framework approach to drafting legislation, to allow supervisors the flexibility to respond to market developments without being hamstrung by inflexible and prescriptive laws.

Finally, governments need to renew efforts to complete the single market.

Despite the adoption of "passport" legislation such as the Investment Services Directive, there are still significant barriers to the provision of cross-border financial services, even in the more straightforward realm of the wholesale markets.

For example, there is continuing uncertainty over which member states' rules should apply in cross-border dealing, causing legal uncertainty and adding to the compliance burden for firms.

If these outstanding problems are not tackled, it is almost certain that the benefits of the euro will not be fully realised for the users of Europe's financial markets.

Progress in these areas will take some time. However, finance ministers have an excellent opportunity to kick-start progress when they meet later this month.

Mark Harding,
Chairman,
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Al Gore is fuelling the fire in Malaysia

From Miss E. Salleh.

Sir, When does the domestic politics of a country become the concern of another country? I would have thought only when it concerns that other country.

So why is Al Gore praising the "bravery" of the Malaysian people who have been protesting against the arrest of the sacked deputy prime minister, Anwar Ibrahim? Does Mr Gore not understand that by voicing his opinion he is only fuelling their fire?

Is he trying to incite these people to violence as in Indonesia? Does he want to see Malaysia descend into a state of chaos?

Please show some respect for the Malaysian government.

I am sure the US government has more serious issues to deal with – such as trying to prevent Saddam Hussein making a mockery of the US's military threats.

Miss E. Salleh,
Imperial College of Science, Technology and Medicine,
London SW7 2AX

US corporate brains still in the north-east

From Mr Leon Shilton.

Sir, In the North American Business Locations survey (November 17), Richard Waters suggests that foreign investment has helped propel the population growth and economic expansion of the United States to the south-east and south. That assertion is correct for one type of growth, the ancillary "dumb" growth of production plants and distribution centres. The business location for the smart growth of new firms and products, however, has not shifted to the south or to the west.

During the past 15 years the preferred location has been the Chicago-Boston and Washington, D.C. triangle. The majority of new and surviving publicly-listed firms in the US (more than 6,000 a year) continue to locate in this triangle. The corporate brains of the US are in the north-east, the brawn is now in the south and the west.

In addition, the majority of good business schools are still in this triangle, and top MBA students who populate these corporate centres prefer tours of duty in "sophisticated" urban water holes and not in the rustic bars along Interstate 85.

One must wonder if two competing sets of reality are emerging.

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CENTRAL AMERICA
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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 21 11 98			Final Prices for Trading on 24 10 98		
½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	15.65	9.39	9.39	0.00
0100	17.07	9.39	9.39	0.00
0130	24.95	9.70	9.70	0.00
0200	24.95	22.22	22.52	1.50
0230	17.00	22.22	22.52	1.50
0300	15.65	22.22	22.52	1.50
0330	15.65	14.75	15.06	1.50
0400	14.57	14.75	15.06	1.50
0430	13.30	14.75	15.06	1.50
0500	9.37	22.22	22.52	1.50
0530	15.13	11.46	11.77	1.50
0600	15.13	11.46	11.77	1.50
0630	22.70	12.37	12.68	1.50
0700	22.70	12.37	12.68	1.50
0730	16.90	12.37	12.68	1.50
0800	22.70	16.81	17.12	1.50
0830	22.70	14.37	14.67	1.50
0900	16.90	18.50	18.81	1.50
0930	24.15	18.50	18.81	1.50
1000	24.15	19.54	19.84	1.50
1030	24.15	19.54	19.84	1.50
1100	16.13	19.54	19.84	1.50
1130	16.13	19.54	19.84	1.50
1200	16.13	19.07	19.38	1.50
1230	22.70	19.07	19.38	1.50
1300	34.08	19.07	19.38	1.50
1330	17.53	18.50	18.81	1.50
1400	17.53	10.45	10.45	0.00
1430	17.53	9.80	9.80	0.00
1500	9.88	10.45	10.45	0.00
1530	9.67	10.45	10.45	0.00
1600	9.67	9.55	9.55	0.00
1630	9.67	10.40	10.40	0.00
1700	17.54	10.40	10.40	0.00
1730	38.28	10.40	10.40	0.00
1800	38.28	10.45	10.45	0.00
1830	30.34	22.41	22.72	1.50
1900	24.89	46.78	47.08	1.50
1930	16.90	46.78	47.08	1.50
2000	16.90	22.41	22.72	1.50
2030	16.48	18.07	19.38	1.50
2100	16.48	16.88	17.19	1.50
2130	16.48	16.88	17.19	1.50
2200	15.13	16.88	17.19	1.50
2230	21.17	15.46	15.77	1.50
2300	22.70	11.59	11.89	1.50
2330	22.70	11.59	11.89	1.50
2400	16.48	11.59	11.89	1.50

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert pence to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.00/MWh becomes 1.000p/KWh. Provisions for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity tested through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of the electricity transmission system for the purpose of operating the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0118 945 6780 between 9.30am and 5.15pm Monday to Friday.

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MAN IN THE NEWS BENJAMIN NETANYAHU

Reluctant peacemaker

Judy Dempsey explains why doubts persist over the Israeli prime minister's commitment to peace with the Palestinians

Was it the crossing of the Rubicon (or perhaps the Jordan)? On Thursday, Benjamin Netanyahu finally persuaded a divided and unruly cabinet to hand over a small parcel of land to the Palestinians on Thursday. It was the first time the Israeli prime minister had transferred any land that he had been responsible for negotiating over from start to finish.

This, and the Wye Accords signed with the Palestinians last month, have suggested to some that the man widely criticised for throttling the Middle East peace process is supporting the principle of trading land for peace and was even acting upon that principle.

Yet the reaction was muted. There was qualified praise from the Israeli media; some rejoicing from the Palestinians; some relief from US diplomats. That was as far as it went.

But why did the significance of a rightwing Likud party leader handing over land to the Palestinians carry so little enthusiasm? Why was it not accompanied by the soul-searching that occured after the late Yitzhak Rabin reluctantly shook Mr Arafat's hand in September 1993?

Perhaps it is because Mr Netanyahu has approached the peace process with so little conviction.

"The jury is still out," said a member of the moderate Third Way, one of Mr Netanyahu's coalition partners. "We just don't know if he wants to go the whole way with the peace process."

Take, for example, his recent performance when interviewed on Israel's Channel Two television.

Why, the interviewer asked Mr Netanyahu, did he keep insisting that Yassir Arafat convene the Palestinian National Council to vote again on articles in the Palestine Charter calling for Israel's destruction, which had already been amended in April 1996.

Mr Netanyahu replied that this was part of the Wye accord signed last month in Washington.

The interviewee challenged him, reading out the relevant section of the accord which stated that "invited members" of the PNC "affirm" the amendments.

Mr Netanyahu, who kept twisting the words, then grabbed the Wye agreement. Suddenly, he said he had to get his reading glasses. Some viewers were puzzled. They had never seen Mr Netanyahu wearing glasses, or for that matter looking so flustered. There was a commercial break.

For many viewers, the interview was indicative of the confusion the prime minister has sewn over his commitment to the peace accord.

"Ideologically and emotionally, Netanyahu has still not accepted the Palestinians as a people with a right to have their own state," says a senior western diplomat. "I am pleased this small step has been taken. But it is too early to judge him."

Mr Netanyahu may well be disappointed with such views, but he has only himself to blame. Since his return from the marathon summit at the Wye Plantation, his words and deeds have contributed to the sense of caution and confusion.

Mr Netanyahu's advisers admit that, on his return from Wye, the prime minister could have capitalised on the good will and support among Likud moderates and Israelis who believe in a peace process that includes an exchange of land for peace, and eventually a Palestinian state. After all, he was also the first Likud leader who drew up a peace accord with Mr Arafat.

But instead, Mr Netanyahu squandered his peacemaking efforts by reinterpreting the Wye accord, much to the dismay of the US. The Palestinian Charter was just one example. He also urged Mr Arafat not to declare an independent Palestinian state next May. To add insult to injury, 150 of the 250 Palestinian prisoners released yesterday were common criminals.

"You would think Wye had never taken place," said Hassan Asfour, one of the Palestinian negotiators in Maryland.

Palestinian officials say they were prepared to tolerate some of Mr Netanyahu's harsh rhetoric – if that is the price of placating his rightwing critics in return for receiving land. Indeed, Mr Netanyahu's advisers warned them to expect as much.

But what they could not have foreseen was how Mr Netanyahu disregarded parts of the accord which he had agreed to, but which no longer suited him.

One of those articles states that the status of the West Bank or Gaza should not be changed. Yet Mr Netanyahu issued tenders for constructing the controversial Jewish settlement at Har Homa, in Arab east Jerusalem.

He then gave the green light for expansion of Jewish settlements in the West Bank while refusing to rebuke Ariel Sharon, his foreign minister, for calling on settlers to "grab land on the hills". No wonder, say sceptics, that his decision to hand in the first phase 510 square kilometres over to Palestinians has been viewed with caution.

"Every decision, every statement, every gesture by Netanyahu was ungracious in its tone and intent from the day he returned from Wye," said a US diplomat. "It did not have to be like this. Netanyahu knows he has broad support to push the entire accord through."

The way in which the first of the three land handovers was carried out may bode ill for the future, especially if, as one of Mr Netanyahu's close advisers said, yesterday's handover was aimed at "appeasing the international community".

Others close to the peace talks said the price in any case was not that great. "Netanyahu will try and control as much of the West Bank as possible through strengthening the settlements," he argued. "It's what he believes in: security and holding on to as much as *Eretz Israel* [the biblical homeland of the Jews] as possible," he added.

The coming weeks will be no less turbulent and confusing. The cabinet, which failed to give him majority support for the first handover, is unlikely to do so in the future. And as Israeli negotiators argue, Mr Netanyahu still seems reluctant to put his full weight behind a peace process anchored on partnership and the acceptance of a viable Palestinian state. Until he does that, said one of his coalition partners, "he will not have crossed the Rubicon".

A byte of the market

Paul Taylor and **Christopher Price** explain why consumers in France and Britain pay so much more for computers than those in the US and Germany

Like gravity's effect on Newton's apple, the one rule about personal computer prices is that they always fall. As costs are squeezed out from component prices, the big manufacturers have slashed prices to sell more computers to more people.

A few years ago, a big-name home personal computer cost $2,500; now it can be bought in an out-of-town shopping mall anywhere in America for $700 or less.

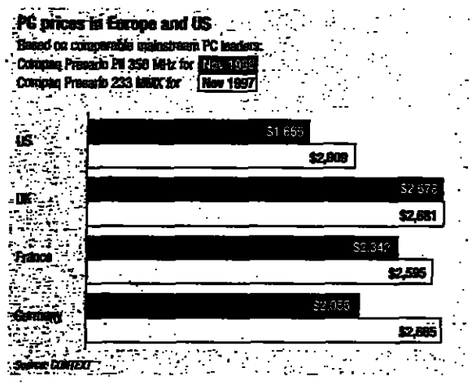
But some countries – particularly Britain – seem to defy gravity. There, the decline in the average price of home PCs has been unspectacular. This has prompted component suppliers and manufacturers from Compaq, the world's largest computer maker, to Intel, by far the world's biggest chip maker, to complain that high street retailers have been stifling the UK market.

Last week Craig Barrett, Intel's chief executive, joined the fray. Speaking at a trade fair in Las Vegas, Mr Barrett said: "Dixons [A leading UK retailer] charges ridiculous margins."

Although the charge was rejected by John Clare, Dixons' chief executive, it has nevertheless focused attention on the issue of PC pricing anomalies in different countries. After all, prices in France are as high as those in Britain.

The discrepancies are curious. After all, PCs are an international product, roughly the same everywhere and not subject to big tax variations. So why do PC prices vary so much from country to country?

The US is the world's cheapest market for home PCs and that is partly because it is the world's biggest. It has lots of big competing manufacturers, such as Compaq, Dell Comuter, Hewlett Packard and IBM.



And its retailers have the largest economies of scale.

The US is also the most sophisticated, and has been at the forefront of direct sales marketing, which has been a key factor in the downward pressure on retail prices. And because direct marketers such as Dell Computer sell so many computers, they have also been able to squeeze the margins of their components suppliers. This matters because components account for such a large share of the price of a PC: chip prices account for more than one-third of the cost (and have slumped 50 per cent in the past year in the US.)

Germany, which is as cheap as the US, also reaps economies of scale: it is Europe's biggest market for desktop machines and is considered by PC manufacturers to be the most competitive: it is dominated by local PC assemblers rather than big multinationals.

"German PC buyers are focused on price," says one analyst. In the home (personal) market, average spending was around DM2,253 ($1,350) or 24 per cent less than in the same period last year. Total spending on PCs was around DM3.74bn in the third quarter, when around 1.21m PCs were sold, including 326,000 for personal use.

Most home PCs used to be sold through the big high-street dealers. The pressure on prices has come from the growth of direct marketing, and perhaps more significantly, from supermarkets, which according to Siemens, one of Germany's leading PC makers, now account for the majority of PC sales. Aldi, one of the big supermarket chains, has sent shudders through the manufacturing industry by offering cut-price clones for as little as DM1,998.

In contrast, the two dearer markets have a single dominant retailer and distinct consumer preferences. In Britain, prices are on average more than 50 per cent higher than in Germany, according to Context, a marketing research group. And although it may look like the UK consumer is getting a raw deal, analysts and high street retailers say the price differential reflects different buying practices between the two countries.

Consumers in Britain, they argue, tend to buy more powerful machines, with more bells and whistles, than their German counterparts. The British, market research shows, are also less knowledgeable than PC buyers on the continent, which may explain why they can be persuaded to buy more expensive machines.

Several other differences emerge between the UK and Germany. In the UK the direct market – led by companies such as Dell, Gateway and a raft of local rivals – account for about 41 per cent of PC sales, a much higher proportion than elsewhere in Europe. But whereas the direct market in the US has tended to supply the cheap end of the market, in the UK it has catered to the purchaser of more expensive equipment. And in the high street, Dixons dominates: estimates for its share of the market range from 15 per cent to 50 per cent.

The French market bears some similarities to the UK, with both average brand prices and sales volumes much the same. Like the UK, France has a dominant electrical retailer, FNAC, though it too is facing competition from supermarkets and direct suppliers. The Carrefour hypermarket chain, for example, recently introduced a Pentium PC priced at under FFr4,000 ($716)

Eric Meurice, Dell's vice-president for southern Europe, believes PC prices will continue to fall, even in France and the UK. The introduction of the euro will allow consumers to compare PC prices more easily, and perhaps lead to an eventual convergence in prices across Europe.

Underpinning this trend, is the growth of e-commerce. Computers and computer equipment are already the most popular items to be bought over the internet. That should bring relief even to hard-pressed French and British computer buffs.

Doom-mongers huddle over island under threat

Jersey fears that it might have sold its soul to the devil. **Brian Groom** reports

There are two views of Jersey. The first says it is a well-run, well-regulated offshore finance centre. The second says it is a sleazy tax haven that has sold its soul to tax dodgers, money launderers and the devils of international finance.

The recommendations in this week's report by Andrew Edwards, a former civil servant commissioned by the UK Home Office to inquire into Britain's crown dependencies, seem to confirm the former. But as global authorities seek to crack down on what they call harmful tax competition, the 10,000 Jersey finance jobs – a fifth of the workforce – and the prosperity built on them could suffer.

Small island, big fuss. Nine miles long and five miles wide, with a population of 85,000, this territory off the French coast – famous for cows, milk, potatoes, holidays and a 20 per cent flat rate of income tax – is gripped by a vivid, even farcical debate about its future. There have been flights into exile, claims of intimidation, libel actions, allegations that something is rotten in the body politic.

It is not the celebrity resident millionaires who are the problem. These days they are vetted as much for the contribution they will make to the community as for the tax revenues they bring. For golfer Ian Woosnam, who every Tuesday plays a round with local taxi drivers, this "Caribbean island in the English Channel" is where he and his family can relax in security. Fellow celebrity residents include racing drivers Derek Warwick and Nigel Mansell, boxer Nigel Benn, and Jack Walker, owner of Blackburn Rovers in the English football premiership.

Rather, the problem lies with non-resident millionaires who are part of the world's financial business. Jersey's doom-mongers – small in number but loud – insist the island's £230bn finance industry is crowding out other parts of the economy, dividing rich from poor, and becoming so powerful that politicians dance to its tune. Built on secretive trusts or companies owned by non-residents who pay little or no tax, it is a cuckoo in Jersey's little nest, they say.

The island's leaders deny the claims. "Everybody in Jersey in one form or another benefits from the revenues raised through finance. There is no question that a combination of tourism, agriculture or other industries would be able to support our excellent social services and general infrastructure," says Frank Walker, the island's "chancellor", or president of the States of Jersey's finance and economics committee.

The most prominent dissident is John Christensen who, after 11 years as assistant economic adviser to the States, the island's government, recently moved to the UK, declaring he had gone into "personal exile from the island I love" to voice his criticisms. Jersey, he argues, is so dependent on international finance that it is vulnerable to sudden capital flight. According to official estimates, finance accounts for 55 per cent of gross domestic product, tourism 24 per cent, and agriculture 4 per cent. Critics say in reality finance's share is even larger. Mr Christensen says it is unhealthy for the island to be so "overdependent" on a single volatile industry.

There is also trouble among the island's politicians. Senator Stuart Syvret is at loggerheads with an establishment he calls "politically illiterate". Two years ago the States assembly suspended him for six months after he alleged a senior member had a conflict of interest over a proposed limited liability partnerships law, introduced after campaigning by Price Waterhouse and Ernst & Young.

The dissidents appear not to command majority support. Many citizens enjoy the fruits of prosperity: unemployment is below 1 per cent and GDP per head is 25 per cent above mainland levels. All the same, there is an undercurrent of unease.

Jersey can seem a strange and close-knit place. Frank Walker, for instance, is chairman of a family company that owns the island's daily newspaper, as well as being the equivalent of finance minister. That is akin to Gordon Brown or Oskar Lafontaine owning all their country's national newspapers, but few on Jersey see it as odd.

Internally self-governing, the island has its own elected legislative assembly and legal system. It has no political parties, which leads critics to allege it is governed by a conservative oligarchy. It lacks the separation of powers between judiciary, legislature and executive that larger states have – the bailiff, for instance, presides over the States and the Royal Court. Critics say the intertwining of the three parts of the state leads to conflicts of interest.

It is not just young rebels who warn of doom. Richard Falle, a senior advocate and pillar of Jersey's cultural societies, fears the finance industry could die within 10 years because of two factors: pressure from, among others, the Organisation for Economic Co-operation and Development to close down tax havens; and the self-inflicted wound of Jersey's effort to control its population growth by encouraging finance companies to move back-office work elsewhere. He says they might take their front-office work away, too, frustrated by restrictions on recruitment.

Jersey takes the OECD threat seriously. It is lobbying to be removed from a draft list of tax havens that the body is drawing up for possible future targeting. Jersey says it should be listed only if Luxembourg and Switzerland are, too. Critics say Jersey's vehicles for non-resident companies – exempt companies, which pay a £600 fee instead of tax, and international business companies, which typically pay up to 2 per cent – make it a classic tax haven. Jersey says these should be tackled only if similar vehicles in the Netherlands, Belgium and elsewhere are, too.

"I suppose it could all go pear-shaped. If the music stopped, I'd be back in the City getting up at 5.15am every day," says Chris Chambers, director of AIB Govett Management (Jersey), who returned to his native island for a better quality of life.

The music has certainly not stopped yet. "We have never been busier," says Peter Beamish, partner at Deloitte & Touche. But even if the finance sector's growth has a long way to run, so does the argument over Jersey's future.

Additional research by Philip Jeune

Peer pressure

Britain's House of Lords won't go down without a fight, says **George Parker**

On Tuesday the Queen will preside over the State Opening of Parliament. There she will meet a man wearing a wig and tights, who will attempt to walk backwards down some stairs without falling over. Rouge Dragon Pursuivant and Maltravers Herald Extraordinary will be in attendance.

The House of Lords, Britain's upper house of parliament, has always been a bit of a joke. It is the only legislative assembly in any democratic country in the world in which most members sit by virtue of birth, not election.

The Lords contains 635 hereditary peers, compared with 505 life peers appointed by governments (plus 26 bishops and archbishops).

As with all the best jokes, there has long been a grain of truth in the Lords' activity. Now this addition to the political merriment of nations and bastion of legislative amateurism is being brought to a sober end by the professionals of the House of Commons.

Tony Blair's government intends to strip the hereditary peers of their ancient right to sit and vote in the upper house. This time next year, if everything goes according to plan, the hereditary peers will be forced to watch the State Opening of Parliament on television.

Nearly everyone – including most of the peers themselves – would agree with Mr Blair's assertion that it is "an affront to democracy" that hereditary peers, who pass their titles from generation to generation, should continue to have a vote in parliament.

Lloyd George, the great Liberal leader, called the hereditary peers "500 men, ordinary men, chosen accidentally from among the unemployed". In the 19th century, Walter Bagehot said that the cure for admiring the Lords was to go and look at them.

It hardly makes it less of a democratic affront that most hereditary peers never turn up to vote, nor that the power of the Lords is severely restricted. The house has no say over financial legislation. By and large it can only delay non-financial bills (there is an exception: any bill to lengthen the life of parliament requires the Lords' approval). The fact that most hereditary peers are Conservatives is, of course, purely coincidental.

This week, the Lords have shown what they can do with their power to revise legislation, and to send back laws to the Commons if they do not like them. Five times they refused to pass a government bill on changing the voting system for elections to the European parliament, on the grounds that the proposed change would mean voters could not vote for individual candidates, only for parties. The changes stand a chance of going through anyway before the 1999 poll, but it is clear that the Lords are going down fighting.

Spearheading their resistance is Lord Cranborne, the Tory leader in the Lords. He intends to muster his geriatric army of Tory peers, to delay and frustrate the government. The whiff of mothballs, Brylcreem and freshly-shined shoes will fill the air.

For Lord Cranborne, the battle is his family's destiny. For he is a scion of the Cecil dynasty, among the most influential names in British politics in the past 500 years. When Elizabeth I was on the throne, a Cecil was by her side; another one, the Marquess of Salisbury, was in Number 10 while Queen Victoria reigned.

At a time when the Commons is increasingly seen to be filled by identikit Blairite "clones", some are getting nostalgic about the colour brought to Westminster by hereditary peers such as the stately Lord Cranborne, before they have even been excluded.

For a start, many are wealthy landowners, who can speak their mind freely without having to worry about political patronage. Some have great experience, whether in farming, the armed forces or business, which they bring to debates in the upper house.

But best of all, many of them are fantastically eccentric. Take, for instance, the rotund Earl of Carlisle, who can be seen regularly in the sports and social staff bar at Westminster, taking snuff and brushing up on his Estonian grammar. Or the Earl of Gresham, whose magnificent family motto is: "Who can we blame?"

Harold Brookes-Baker, publishing director of the upper-crust handbook Burke's Peerage, claims that Mr Blair risks throwing away a valuable resource by packing the ermine brigade back to their country estates. He says the independent-minded nature of the hereditary peers, and the political acumen passed down through the ages, are vital in a revising chamber. "The House of Lords is looked up to by other upper houses around the world," he claims. "I can't understand why any intelligent person would want to smash it."

Mr Blair says he does not want to smash the Lords, just reform it, starting with the simple plan to abolish the voting rights of the hereditary peers. The only problem is that the prime minister does not yet know what he wants to replace them with. To that end he is setting up a Royal Commission to recommend what shape the second chamber should take. It is likely to include an elected element, along with some nominated peers chosen for their expertise, or (many fear) their ability to suck up to their party leader.

For his part, William Hague, the Conservative leader, is not keen to "die in a ditch" to defend the voting rights of the likes of the 28th Baron De Ros. But he agrees with Lord Cranborne that the current system works reasonably well and that the voting rights of the hereditary peers should be abolished only as part of a widespread reform of the Lords, not in advance of them.

Mr Hague argues that once the hereditary peers are ejected, the Lords will become "a giant quango", packed with people appointed on the whim of Tony Blair. Or, in Mr Hague's words, the aristocrats will be replaced by "Tony's cronies".

However, Tony Blair calculates that most Britons would rather see members of the upper house chosen today by their elected leaders than on the basis of birth, and the random sexual exploits of a 17th-century monarch.

Oil price falls on pessimism over Opec

WEEK IN THE MARKETS

By Paul Solman

World oil prices fell to new lows in London this week, with some analysts predicting the market would not recover next year.

Analysts had previously suggested that the unusually cold winter forecast for the northern hemisphere would boost energy consumption and crude prices.

The benchmark January contract for Brent blend on the International Petroleum Exchange fell to $11.15 a barrel at one point, 15 cents below its previous low recorded 10 years ago.

Late yesterday, the contract was trading at $11.51 against Thursday's close of $11.49, around $1 lower than at the end of last week.

Traders have begun to focus on the next meeting of the Organisation of Petroleum Exporting Countries, to be held in Vienna next week. However, there is little expectation that it will bring any agreement of further cuts in production.

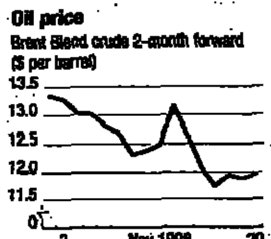
Copper prices dipped on the London Metal Exchange, the three-month metal coming close to the 11½-year low of $1,570 a tonne it reached last week. By the close yesterday it had recovered to $1,615.50, a gain of $29.50 on the week.

Palladium prices rose almost 4 per cent after Johnson Matthey predicted supply would fall short of production by 1m ounces this year.

Yesterday, the price was $300.50 an ounce in late London trading.

Oil price

Brent Blend crude 2-month forward ($ per barrel)



Source: Datastream/ICV

LME warehouse stocks*

	Tonnes	Change
Aluminium	633,750	+1,750
Aluminium alloy	80,480	+380
Copper	494,425	+1,260
Lead	167,575	-425
Nickel	61,524	+144
Zinc	331,475	-1,175
Tin	7,380	-70

*Thursday's close

Gold was "fixed" in London yesterday afternoon at $295.60 an ounce, little changed from the morning fix of $296.05 and Thursday afternoon's $296.35. The precious metal lost $1.50 on the week.

Robusta coffee futures were markedly weaker yesterday on the London International Financial Futures and Options Exchange after a bout of selling from trade houses.

The most actively traded November contract, which is nearing expiry, closed at $2,015 a tonne, down $106 on the day but up $40 on the week.

Cocoa also sank to new lows after a poor week.

The December contract closed yesterday at £954 a tonne, £9 down on the day and £21 down on the week.

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1998 High	1998 Low
Gold per troy oz.	$296.25	-0.30	$305.15	$312.55	$275.15
Silver per troy oz	300.50p	-8.5	310.75p	475.70p	289.82p
Aluminium 99.7% (cash)	$1296.5	-19.0	$1601.5	$1521	$1276
Copper Grade A (cash)	$1589.5	+31.0	$1854.5	$1850	$1571
Lead (cash)	$519.5	+33.5	$550.5	$514	$482.5
Nickel (cash)	$4180	+45	$6177.5	$5967.5	$3830
Zinc SHG (cash)	$990.5	+20.0	$1191	$1145.5	$929
Tin (cash)	$5500	+30	$5685	$6245	$5160
Cocoa Futures Dec	£956	-19	£1000	£1136	£966
Coffee Futures Nov	$2010	+35	$1590	$2115	$1530
Sugar (LDP Raw)	$199.10	-2.20	$283.90	$297.40	$172.10
Barley Futures Nov	£78.50	+0.50	£74.75	£90.50	£67.00
Wheat Futures Nov	£77.50	-0.75	£80.00	£85.10	£68.60
Cotton Outlook A Index	55.90c	-0.70	77.10c	73.10c	56.80c
Wool (64s Super)	296p	-	399p	392p	279p
Oil (Brent Blend)	$11.505x	-0.795	$18.84x	$16.49	$11.35

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Jan

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1296-7	1303-04
Previous	1297-8	1307-8
High/low		1310/1297
AM Official	1292.5-93	1290-90.5
Kerb close		1301-2
Open int.	331,813	
Total daily turnover	41,158	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1075-80	1105-7
Previous	1085-90	1114-7
High/low		1110/1105
AM Official	1078-80	1109-10
Kerb close		1107-10
Open int.	7,127	
Total daily turnover	1,361	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	519-20	507-8
Previous	504.5-5.5	502.5-3.0
High/low		508/497
AM Official	513-4	506-7
Kerb close		504-5
Open int.	41,065	
Total daily turnover	13,299	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	4165-95	4255-60
Previous	4175-85	4245-50
High/low		4285/4240
AM Official	4190-95	4255-60
Kerb close		4250-55
Open int.	64,936	
Total daily turnover	7,102	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5495-505	5460-70
Previous	5495-505	5460-70
High/low		5475/5435
AM Official	5465-70	5440-50
Kerb close		5470-75
Open int.	18,767	
Total daily turnover	9,563	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	990-1	1006-7
Previous	987-8	984-5
High/low		1011/983
AM Official	971-2	988-9
Kerb close		1009-10
Open int.	86,091	
Total daily turnover	22,973	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1589-90	1615-15.5
Previous	1568.5-9.5	1594.5-5.5
High/low		1617/1585
AM Official	1561-61.5	1587-88
Kerb close		1616-17
Open int.	169,744	
Total daily turnover	28,356	

■ LME AM Official £/$ rate: 1.6585
LME Closing £/$ rate: 1.6560

Spot: 1.6559 3 mths: 1.6497 6 mths: 1.6443 9 mths: 1.6401

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	72.15	+1.15	72.40	72.00	400	743
Dec	72.20	+1.05	72.70	71.00	9,906	27,838
Jan	72.50	+1.05	72.80	72.30	41	2,471
Feb	72.85	+1.05	73.00	72.90	12	1,392
Mar	73.10	+1.00	73.50	71.95	5,246	19,318
Apr	73.40	+1.00	72.65	72.65	12	1,263
Total					16,544	71,784

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	296.00-296.50		
Opening	296.30-296.70		
Morning fix	296.05	178.258	410.917
Afternoon fix	295.60	178.654	411.416
Day's High	296.45-296.75		
Day's Low	295.35-295.65		
Previous close	296.00-296.50		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.13	6 months	3.78
2 months	4.12	12 months	3.46
3 months	4.11		

Silver Fix	p/troy oz.	US cts equiv.
Spot	298.26	496.00

Silver Lending Rates

1 month	4.35	6 months	2.70
2 months	3.70	12 months	2.40
3 months	3.50		

Gold Coins	$ price	£ equiv.
Krugerrand	298-300	179-181
New Sovereign	69-73	42-44

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	296.2	+0.4	-	-	-	-
Dec	296.4	+0.3	297.4	295.6	34,143	40,950
Feb	298.4	+0.3	299.4	297.6	9,692	32,706
Apr	300.3	+0.3	300.7	299.6	236	16,968
Jun	302.0	+0.3	302.8	301.7	849	14,605
Aug	303.6	+0.3	-	306.5	1,067	5,983
Total					46,511	154,591

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	357.5	-4.8	364.4	356.1	3,994	13,374
Apr	357.5	-4.8	363.5	356.5	324	773
Jul	358.9	-4.8	350.0	350.0	13	201
Oct	360.2	-4.8	364.0	364.0	16	993
Total						

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	293.65	-12.95	304.00	292.50	712	1,198
Mar	292.40	-12.70	303.00	291.00	667	1,661
Jun	290.40	-12.70	-	-	2	5
Total						

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	488.2	-8.0	-	-	70	60
Dec	489.0	-8.0	496.5	485.0	7,234	32,657
Jan	491.2	-9.5	496.0	491.5	-	88
Mar	494.4	-8.3	502.0	490.0	2,089	23,946
May	497.3	-8.2	505.5	493.5	207	5,054
Jul	499.9	-8.0	506.5	497.5	33	5,700
Total					9,854	76,982

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	12.15	-	12.31	12.08	40,450	20,492
Jan	12.69	-0.05	12.88	12.56	66,145	139k
Feb	13.05	-0.07	13.22	12.99	20,222	56,634
Mar	13.43	-0.04	13.60	13.40	7,317	37,288
Apr	13.75	-0.03	13.88	13.70	4,740	18,628
May	14.10	-	14.19	14.03	1,680	16,211
Total					n/a	n/a

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	11.50	+0.01	11.64	11.40	13,500	96,248
Feb	11.78	-0.09	11.97	11.76	9,379	34,277
Mar	12.10	-0.08	12.27	12.09	2,669	22,498
Apr	12.45	-0.02	12.56	12.37	6,229	17,568
May	12.70	-0.05	12.84	12.68	3,371	10,428
Jun	13.02	-	13.09	12.97	3,747	18,215
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	34.95	+0.18	35.25	34.55	13,279	39,526
Jan	36.15	-0.09	36.65	35.80	9,149	51,378
Feb	37.25	-0.04	37.60	37.00	5,210	30,483
Mar	38.00	+0.01	38.20	37.90	2,041	21,476
Apr	38.55	+0.06	38.70	38.45	2,761	11,727
May	39.10	+0.01	39.35	39.10	2,048	8,937
Total					n/a	n/a

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	102.75	-1.25	105.00	102.50	10,912	52,364
Jan	107.50	-1.25	109.75	107.00	5,196	28,716
Feb	111.25	-1.25	113.25	110.75	1,464	19,497
Mar	113.50	-1.25	115.25	114.75	450	12,452
Apr	115.75	-1.25	117.50	117.25	98	7,068
May	118.00	-0.50	119.75	118.00	240	2,708
Total					19,090	158,931

■ NATURAL GAS IPE (1,000 therms; pence per therm)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	14.370	-0.060	14.450	14.130	440	2,855
Jan	17.090	-0.190	17.100	16.950	265	4,070
Total					2,340	29,780

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	2.160	-0.053	2.228	2.145	45,549	36,848
Jan	2.295	-0.029	2.340	2.285	13,801	46,920
Feb	2.260	-0.020	2.293	2.255	6,924	23,771
Mar	2.205	-0.025	2.240	2.205	4,435	20,197
Apr	2.185	-0.015	2.185	2.165	1,427	13,330
May	2.155	-0.005	2.165	2.150	975	10,883
Total					n/a	n/a

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	37.85	+0.12	38.10	37.40	12,524	24,434
Jan	39.05	+0.02	39.25	38.70	8,939	27,416
Feb	40.00	-0.23	40.20	39.90	1,302	6,571
Mar	41.30	-0.23	41.35	41.25	643	6,028
Apr	44.50	-0.33	44.60	44.50	968	8,750
May	45.35	-0.38	45.40	45.35	-	7,178
Total					n/a	n/a

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	77.50	-0.40	-	-	-	6
Jan	78.50	-0.40	78.95	78.50	82	2,424
Mar	80.60	-0.30	80.85	80.50	85	3,067
May	82.50	-0.40	82.65	82.50	44	2,336
Jul	84.50	-0.40	-	85.00	-	251
Total					228	8,981

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	285.50	-5.50	291.00	284.00	12,928	47,054
Mar	301.50	-6.25	308.00	300.50	6,563	56,976
May	311.50	-5.75	315.50	310.00	253	7,808
Jul	322.00	-5.25	327.00	320.50	2,245	19,227
Sep	330.50	-4.50	331.50	330.00	387	978
Dec	342.00	-4.50	343.00	342.00	272	1,064
Total					122,646	132,988

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	220.00	-0.25	220.75	219.25	46,089	119,002
Mar	230.75	-1.00	232.25	230.50	13,846	118,418
May	238.25	-1.25	239.75	238.00	2,468	36,964
Jul	243.75	-1.25	245.00	243.25	3,277	45,697
Sep	248.75	-1.25	250.50	248.50	189	7,080
Dec	254.75	-1.25	256.00	254.50	1,531	20,860
Total					67,385	348,117

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	78.50	+0.25	-	-	-	-
Jan	79.50	+0.25	79.25	79.25	3	817
Mar	81.50	+0.25	81.25	80.90	9	200
May	82.50	+0.25	-	82.25	-	32
Sep	81.00	-	-	-	-	-
Total					12	1,049

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	580.50	-1.50	582.25	578.50	28,427	70,670
Mar	588.50	-1.50	591.75	587.50	4,746	30,122
May	597.75	-2.00	599.50	596.50	1,553	13,900
Jul	606.00	-2.00	607.50	603.75	1,738	18,908
Aug	606.00	-2.50	608.00	606.00	192	1,487
Sep	605.00	-1.00	608.50	606.00	10	271
Total					37,277	143,383

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	24.87	+0.08	24.98	24.78	9,432	31,110
Jan	25.01	+0.07	25.13	24.92	5,569	25,258
Mar	25.17	+0.06	25.30	25.10	3,831	23,833
May	25.25	+0.04	25.40	25.20	822	11,117
Jul	25.36	+0.05	25.42	25.22	838	13,650
Aug	25.34	+0.03	25.34	25.27	209	1,328
Total					21,603	111,599

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	145.4	-1.3	146.8	144.9	12,796	45,347
Jan	147.8	-1.0	148.9	147.2	10,585	33,319
Mar	151.9	-0.8	152.2	151.2	3,122	20,913
May	155.1	-1.2	156.0	155.0	884	11,112
Jul	158.7	-1.0	159.5	158.4	1,592	16,014
Aug	160.1	-1.3	161.1	160.0	234	2,813
Total					29,359	136,981

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	209.0	+4.0	-	-	-	-
Apr	289.0	+4.0	289.0	285.0	93	1,933
May	299.0	+4.0	-	-	-	29
Jun	309.0	+4.0	-	-	-	-
Nov	85.0	-	-	-	-	3
Total					93	1,933

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	950	-5	950	950	4	257
Dec	950	-10	960	950	9	250
Jan	950	-10	955	950	13	835
Apr	990	-	995	990	39	746
Jul	885	-	885	885	41	345
Total					70	2,588

	Close	Prev
BFI	962	964

PULP AND PAPER

■ PULPEX OMLX (US$; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	425.00	-0.25	425.00	425.00	10	346
Mar	448.75	-2.75	451.00	448.50	21	290
Total					32	671

FUTURES DATA
All futures data supplied by CMS.

Wool from Mallett & Co

The recent rise in prices, led by Australia at the merino end, continued during the week but looked as though it may have peaked on Wednesday, when the eastern market indicator was unchanged on the previous day at 529 cents a kg, up 16 cents in the week. The Western market indicator, which initially rose sharply after a two-week gap in sales, fell back 22 cents to close at 480 cents. Also pointing to a market pause was a setback on the Sydney futures market, about 20 cents down after earlier rises. In New Zealand, prices for merinos were well up and crossbreds were also dearer.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	956	-7	963	953	4,936	30,278
Mar	994	-6	1000	982	4,188	42,918
May	1013	-7	1020	1012	2,933	20,806
Jul	1030	-5	1035	1031	204	10,862
Sep	1048	-8	1052	1048	383	27,880
Dec	1072	-6	1076	1073	185	12,729
Total					12,851	158,166

■ COCOA CSCE (10 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1446	-21	1464	1446	309	2,162
Mar	1472	-23	1490	1463	3,011	42,113
May	1499	-22	1514	1492	312	11,470
Jul	1525	-20	1540	1520	58	2,726
Sep	1553	-20	1566	1542	72	3,504
Dec	1583	-20	1600	1576	12	5,263
Total					3,774	71,029

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Nov 19		
Daily	1150.23	1168.84

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	2010	-111	2110	2010	273	4,238
Jan	1665	+12	1659	1640	1,455	20,818
Mar	1616	+14	1618	1604	597	10,491
May	1595	+12	1596	1583	179	4,763
Jul	1580	+12	1585	1580	32	1,300
Sep	1565	+12	1555	1540	114	348
Total					2,594	42,463

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	110.50	-0.45	112.00	109.70	981	1,505
Mar	109.80	-0.25	111.25	109.10	4,817	18,450
May	110.00	-0.05	111.00	109.60	543	5,218
Jul	111.00	+0.50	111.00	110.75	149	2,200
Sep	111.75	+0.50	111.75	111.75	58	1,472
Dec	112.90	+0.50	-	-	11	731
Total					6,557	29,631

■ COFFEE (ICO) (US cents/pound)

Nov 19		Prev. day
Comp. daily	98.16	98.24
15 day average	98.58	98.51

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	247.2	+3.3	247.1	242.5	1,854	19,254
May	247.8	+3.1	247.7	243.5	245	4,832
Aug	249.2	+3.5	249.0	245.5	155	3,426
Oct	243.3	+3.8	242.6	242.0	30	3,524
Dec	246.1	+3.1	245.5	243.6	55	290
Mar	247.9	+2.9	243.5	242.0	40	578
Total					2,229	31,904

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	8.48	+0.15	8.48	8.30	11,340	85,489
May	8.54	+0.10	8.56	8.40	3,063	18,387
Jul	8.58	+0.11	8.56	8.42	820	17,440
Oct	8.72	+0.06	8.72	8.58	988	12,885
Mar	8.92	+0.04	8.93	8.82	486	8,207
May	8.98	+0.04	8.98	8.89	120	1,357
Total					18,803	144,272

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	62.25	-2.32	65.95	62.00	7,474	10,322
Mar	63.50	-0.24	64.80	63.50	8,879	36,179
May	64.05	-0.26	65.25	64.05	3,337	14,743
Jul	64.95	-0.06	65.90	64.80	967	11,350
Oct	65.90	-	66.50	66.50	13	1,006
Total					21,082	85,530

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	116.95	-0.30	117.40	115.80	718	12,751
Mar	119.60	-0.25	119.75	118.70	386	6,057
May	121.40	-0.30	121.50	121.40	25	1,462
Jul	123.25	-0.35	123.90	123.90	261	1,106
Sep	124.25	-0.55	124.50	124.50	-	80
Nov	124.10	-0.30	124.25	124.25	50	343
Total					1,380	21,987

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Nov 20	Nov 19	month ago	year ago
1469.3	1470.9	1446.6	1806.1

■ CRB Futures (Base: 1967 = 100)

Nov 19	Nov 18	month ago	year ago
200.31	201.05	-	-

■ GSCI Spot (Base: 1970 = 100)

Nov 19	Nov 18	month ago	year ago
142.84	143.16	146.92	196.73

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	61.700	-0.550	62.500	61.500	8,333	30,949
Feb	62.175	-0.950	63.275	62.150	8,348	35,677
Apr	64.425	-0.675	65.375	64.250	2,532	21,134
Jun	63.175	-0.575	63.950	63.100	1,162	11,185
Aug	63.150	-0.600	64.100	63.100	430	6,313
Oct	65.300	-0.200	66.700	66.300	104	1,425
Total					18,906	107,188

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	29.925	-0.700	30.900	29.900	5,907	14,795
Feb	36.650	-1.400	38.100	36.550	3,037	14,084
Apr	40.500	-1.250	41.600	40.150	2,075	5,445
Jun	50.650	-1.575	52.350	50.500	795	3,448
Jul	52.275	-1.375	53.350	52.275	170	1,819
Aug	53.500	-0.725	54.200	53.350	174	1,664
Total					14,332	45,479

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	43.050	-0.825	44.325	43.000	684	4,191
Mar	42.775	-0.900	44.100	42.750	64	539
May	44.600	-0.625	45.300	44.850	25	326
Jul	45.525	+0.050	45.800	45.750	50	109
Total					1,818	5,340

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Dec	Mar	Dec	Mar
1250	75	93	10	27
1300	41	64	26	47
1350	19	41	54	74
■ COPPER (Grade A) LME	Dec	Mar	Dec	Mar
1500	115	153	9	26
1600	47	92	40	64
1700	13	49	105	120
■ COFFEE LIFFE	Jan	Mar	Jan	Mar
1550	118	115	13	49
1600	80	89	25	73
1650	48	62	43	96
■ COCOA LIFFE	Dec	Mar	Dec	Mar
975	3	39	3	26
1000	1	26	25	32
1025	1	18	30	49
■ BRENT CRUDE IPE	Jan	Feb	Jan	Feb
1200	32	-	-	-
1250	-	-	-	-
1300	-	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$11.35-1.51x	-0.105
Brent Blend (dated)	$10.47-0.54	-0.049
Brent Blend (Jan)	$11.47-1.54	-0.040
W.T.I.	$12.65-2.67x	-0.080
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$130-132	-1
Gas Oil	$101-103	-1
Heavy Fuel Oil	$58-60	
Naphtha	$125-128	
Jet fuel	$116-119	-1
Diesel	$113-114	-1
■ NATURAL GAS (Pence/therm)		
Bacton (Dec)	14.35-14.40	-0.07
Petroleum Argus. Tel: London (0171) 359 8792		
■ OTHER		
Gold (per troy oz)♣	$296.25	
Silver (per troy oz)♣	498.50c	-2.00
Platinum (per troy oz.)	$357.75	-0.75
Palladium (per troy oz.)	$300.00	+4.00
Copper	76.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	20.16r	
Tin (New York)	257.5	
Cattle (live weight)	87.27p	+0.35*
Sheep (live weight)	60.38p	-2.59*
Pigs (live weight)†	52.02p	-2.93*
Lon. day sugar (raw)	$199.10	-1.80
Lon. day sugar (wte)	$241.50	-1.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Dec)♥	49.00p	
Rubber (Jan)♥	49.50p	
Rubber (KL RSS No1)	270.00m	-1.00
Coconut Oil (Phil)§	755.0y	
Palm Oil (Malay.)§	647.5	
Copra (Phil)§	$465.0y	+5.0
Soyabeans (US)	157.0y	
Cotton Outlook 'A' Index	55.90	
Wooltops (64s Super)	319p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Sep/Oct. x Jan. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. † Based on 1,087 head of pigs sold.

WORLD BOND PRICES

Modest gains in light volume

GOVERNMENT BONDS

By Khozem Merchant in London and John Labate in New York

Government bonds posted modest gains yesterday in quiet trading in spite of speculation that hedge funds were selling down more of the holdings they had built up during the Asian crisis.

In light volume the benchmark 30-year US Treasury gained 3/32 to 100% in early trading, sending the yield lower to 5.208 per cent. Among shorter term issues the 10-year note was 4/32 higher at 99 27/32, yielding 4.810 per cent, but the two-year note slid 1/32 to 98¾, yielding 4.681 per cent.

Hedge funds were active participants in the morning market, analysts said, which may have persuaded other investors to stay out.

"Other than some large positions early in the day, the market has really stabilised at these levels," said William Gamba, manager of bond trading at Cowen & Co.

German bunds set the tone in Europe, helped at the long end of the yield curve by strong buying from US institutions.

A corresponding weakness at the long end of the gilt market suggested investors were switching out of the UK market into Germany.

The December bund future settled at 113.72, up 0.13, and the yield on 10-year bunds was unchanged at 4.03 per cent.

The December gilt future settled at 115.91, down 0.33.

The yield on 10-year gilts rose to 4.85 per cent, while the spread between 10-year gilts and 10-year bunds widened by five basis points to 87 basis points.

BENCHMARK GOVERNMENT BONDS

Nov 20	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	01/01	8.750	108.2241	4.65	+0.09	+0.01	+0.28	-0.35
	08/08	8.750	126.8118	5.20	+0.08	+0.08	+0.20	-0.70
Austria	07/00	5.875	103.5200	3.61	+0.03	+0.01	+0.06	-0.89
	01/08	5.000	105.5100	4.28	-	-0.14	-0.09	-1.32
Belgium	01/00	4.000	100.5900	3.48	+0.02	-0.04	+0.06	-0.86
	03/08	5.750	111.1900	4.27	-0.01	-0.12	-0.02	-1.37
Canada	12/00	5.000	100.2200	4.88	-	+0.08	+0.42	+0.74
	06/08	6.000	108.2100	5.17	-0.02	+0.01	+0.25	-0.29
Denmark	11/00	9.000	109.3400	3.97	+0.01	-0.04	-0.16	-0.77
	11/07	7.000	118.0600	4.61	-	-0.16	-0.16	-1.47
Finland	01/99	11.000	101.0300	2.96	-0.01	-0.11	+0.02	-1.32
	04/08	6.000	112.7450	4.32	-0.01	-0.14	-0.13	-1.41
France	07/00	4.000	100.8300	3.45	-0.01	-0.05	+0.03	-0.88
	10/05	7.750	123.4200	3.83	+0.01	-0.08	-	-1.39
	10/08	8.500	134.9200	4.13	-	-0.12	-0.07	-1.37
	04/29	5.500	107.0900	5.04	-0.01	-0.15	-0.10	-1.01
Germany	06/00	4.000	100.8000	3.45	-	-0.09	+0.05	-0.75
	10/05	6.500	115.1300	3.94	-	-0.12	-0.04	-1.32
	07/08	4.750	105.6200	4.03	-0.01	-0.14	-0.04	-1.47
	01/28	5.625	108.8600	5.04	-0.03	-0.15	-0.08	-1.05
Ireland	10/01	6.500	107.6800	3.67	+0.02	-0.06	-0.05	-1.61
	08/08	6.000	113.1200	4.32	-	-0.10	-0.11	-1.63
Italy	04/01	4.500	101.9000	3.64	-	-0.07	-	-1.51
	07/03	4.500	102.8000	3.83	-0.01	-0.09	-0.08	-1.62
	05/08	5.000	105.3200	4.30	-0.02	-0.13	-0.13	-1.61
	11/27	6.500	118.6300	5.22	-0.05	-0.19	-0.22	-1.22
Japan	12/00	6.900	113.6100	0.28	+0.02	+0.04	-0.09	-0.11
	12/03	4.100	117.3100	0.62	+0.03	+0.03	-0.07	-0.85
	06/08	1.800	107.9200	0.93	+0.05	+0.08	+0.05	-0.87
	03/18	2.700	117.8800	1.62	+0.08	+0.16	+0.17	-1.02
Netherlands	05/00	9.000	107.7100	3.49	-	-0.08	+0.08	-0.95
	07/08	5.250	108.7900	4.12	-0.01	-0.15	-0.03	-1.38
New Zealand	02/01	8.000	106.0597	5.03	-	-0.30	-0.25	-1.99
	07/09	7.000	111.4404	5.56	+0.02	-0.07	+0.06	-1.05
Norway	01/99	8.000	100.1000	7.85	-0.02	-0.06	+0.07	+3.45
	01/07	6.750	108.5500	5.42	-0.07	-0.10	-0.09	-0.28
Portugal	03/00	5.375	102.2500	3.59	-0.02	+0.03	+0.07	-1.30
	06/08	5.375	107.8500	4.35	-0.03	-0.14	-0.09	-1.54
Spain	04/00	6.750	104.3500	3.45	-0.04	-0.06	-0.02	-1.22
	01/08	6.000	112.2300	4.35	-	-0.11	-0.12	-1.47
Sweden	05/00	10.250	108.3470	3.78	-0.02	-0.04	-0.38	-1.34
	05/08	6.500	115.2815	4.47	-0.04	-0.17	-0.24	-1.76
Switzerland	08/00	4.500	104.5800	1.46	-0.02	-0.05	+0.14	-0.58
	01/08	4.250	114.3500	2.47	+0.01	-0.12	-0.31	-1.04
UK	11/01	7.000	104.8800	5.19	+0.03	-0.09	+0.03	-1.87
	12/03	6.500	107.3000	4.86	+0.03	-0.09	-0.05	-1.78
	10/08	9.000	132.2000	4.66	+0.06	-0.09	-0.21	-1.65
	12/28	6.000	122.9800	4.38	+0.07	-0.01	-0.33	-1.57
US	09/00	4.500	99.7327	4.65	-0.04	+0.05	+0.61	-1.08
	08/03	5.250	102.5080	4.65	-0.03	+0.06	+0.49	-1.21
	05/08	5.625	105.7479	4.86	-0.05	-0.02	+0.30	-0.97
	08/28	5.500	104.0407	5.23	-0.08	-0.08	+0.17	-0.86
ECU	07/00	4.000	100.7600	3.50	-0.01	-0.06	+0.01	-1.16
	04/08	5.250	108.5300	4.13	-0.08	-0.14	-0.09	-1.52

London closing. * New York mid day. Source: Interactive Data/FT Information
Yields: Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

US INTEREST RATES

Close		Treasury Bills and Bond Yields			
Prime rate	8	One month	-	Two year	4.66
Broker loan rate	6¾	Two month	-	Three year	4.63
Fed.funds	4¾	Three month	4.47	Five year	4.60
Fed.funds at intervention	4¾	Six month	4.56	10-year	4.80
		One year	4.55	30-year	5.22

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	110.05	110.00	-0.07	110.28	109.96	45,517	87,858

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Dec	Calls	Calls	Puts Dec	Puts	Puts
108	2.08	-	-	0.01	-	-
109	1.11	-	-	0.04	-	-
110	0.35	-	-	0.28	-	-
111	0.05	-	-	0.98	-	-

Est. vol. total, Calls n/a Puts n/a. Previous day's open int., Calls 8,583 Puts 11,658

Germany

■ NOTIONAL GERMAN BUND FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	113.74	113.75	+0.10	113.92	113.60	345,837	598,751
Mar	114.17	114.17	+0.10	114.30	113.97	8,706	36,023

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Puts Dec	Puts Jan	Puts Feb
11350	0.31	1.09	1.32	0.06	0.44	0.67
11400	0.06	0.80	1.04	0.31	0.65	0.89
11450	0	0.56	0.80	0.75	0.91	1.15

Est. vol. total, Calls 273 Puts 0. Previous day's open int., Calls 5495 Puts 4630

■ NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	108.09	108.12	+0.05	108.17	108.00	95,427	252,820
Mar	108.03	108.02	+0.04	108.06	107.98	7,081	21,169

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	111.76	111.72	+0.02	111.88	111.64	11794	57000
Mar	111.76	111.66	-0.08	111.77	111.71	250	5576

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Jan	Puts Dec	Puts Jan
11150	0.22	0.77	0	0.61
11200	0	0.53	0.28	0.87
11250	0	0.35	0.78	1.19

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 553 Puts 2403

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	115.53	115.40	+0.04	115.58	115.31	29,222	53,603
Mar	-	114.70	+0.04	-	-	-	-

UK

■ NOTIONAL 5 YEAR GILT FUTURES (LIFFE) £100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	107.90	-0.11	-	-	0	1584
Mar	-	108.02	-0.14	-	-	0	0

■ NOTIONAL UK GILT FUTURES (LIFFE)* £100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	116.49	115.91	-0.33	116.51	115.75	42971	108019
Mar	116.48	116.04	-0.37	116.52	115.92	6148	14925

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	105.80	105.78	+0.24	105.80	105.70	10	318

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	127-27	128-18	+0-23	128-24	127-24	312,645	611,638
Mar	127-13	128-10	+0-24	128-15	127-13	80,068	230,922
Jun	-	127-02	-	-	-	175	3,348

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol.	Open int.
Dec	138.53	138.41	-	138.57	138.35	1759	n/a
Mar	137.66	137.54	-	137.70	137.49	879	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities

UK Gilts Price Indices	Fri Nov 20	Day's change %	Thu Nov 19	Accrued interest	xd adj ytd
1 Up to 5 years (16)	121.62	-0.02	121.64	2.59	8.77
2 5-15 years (28)	173.38	-0.23	173.78	3.15	8.92
3 Over 15 years (4)	228.74	-0.73	230.42	5.30	8.20
4 Irredeemables (4)	305.21	-1.21	308.95	6.85	14.66
5 All stocks (44)	164.95	-0.28	165.42	3.32	9.08

UK Indices

Index-linked	Fri Nov 20	Day's change %	Thu Nov 19	Accrued interest	xd adj ytd
6 Up to 5 years (2)	225.14	-0.01	225.16	0.44	5.92
7 Over 5 years (9)	247.27	-0.09	247.58	1.47	5.96
8 All stocks (11)	243.02	-0.08	243.22	1.29	5.93

Yields	Low coupon yield Nov 20	Nov 19	Yr ago	High	Low	Medium coupon yield Nov 20	Nov 19	Yr ago	High	Low	High coupon yield Nov 20	Nov 19	Yr ago	High	Low
5 yrs	4.97	4.94	8.70	5.15 8/11	4.93 18/11	5.02	4.99	8.81	5.21 8/11	4.99 18/11	4.98	4.95	8.83	5.16 11/11	4.95 18/11
15 yrs	4.66	4.60	6.52	4.93 6/11	4.59 18/11	4.83	4.78	6.53	5.08 6/11	4.77 18/11	4.90	4.84	8.62	5.13 6/11	4.84 18/11
20 yrs	4.62	4.55	6.52	4.86 6/11	4.54 18/11	4.80	4.74	6.51	5.04 6/11	4.73 18/11	4.90	4.84	6.61	5.13 6/11	4.84 18/11
Irred.†	4.90	4.84	6.61	5.13 6/11	4.84 18/11										
Index-linked	Inflation rate 5%					Inflation rate 10%									
Up to 5 yrs	2.25	2.23	3.28	2.36 4/11	2.21 18/11	1.50	1.47	2.54	1.86 4/11	1.44 18/11					
Over 5 yrs	2.25	2.24	3.19	2.36 4/11	2.22 18/11	2.05	2.04	2.97	2.17 4/11	2.02 18/11					

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.
Base values: UK Gilts Indices 31/12/75 = 100.00 and Index-Linked 30/4/82 = 100.00. * 1998 highs and lows.

FT Fixed Interest Indices

	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Yr ago	High*	Low*
Govt. Secs. (UK)	112.40	112.86	112.93	112.37	112.02	99.92	112.93	93.31
Fixed Interest	152.23	153.06	152.90	152.24	151.78	132.28	151.77	115.32

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UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+or-	1998 High	1998 Low
Shorts" (Lives up to Five Years)							
Treas 9½pc 1999		9.46	6.55	100.3968	-.0237	102.63	100.40
Treas Flg Rate 1999		-	-	100.0473	-.0008	100.27	100.02
Exch 12¼pc 1999		12.02	6.30	101.9373	-.0642	106.31	101.94
Treas 10½pc 1999		10.29	6.10	102.0371xd	-.0421	104.98	102.04
Treas 6pc 1999		6.00	6.09	99.9291	-.0192	99.98	98.64
Conv 10¼pc 1999		9.84	5.98	104.1225xd	-.0633	106.48	103.52
Treas 8½pc 2000	‡	8.25	5.79	103.0465	-.0686	103.84	101.81
Conv 9pc 2000		8.65	5.75	103.9265	-.0687	105.02	102.66
Treas 13pc 2000		11.67	5.81	111.3730	-.0871	114.83	110.86
Treas 8pc 2000		7.62	5.38	104.9969	-.0750	105.58	102.22
Treas Flg Rate 2001		-	-	100.8084	+.0074	100.81	100.17
Treas 10pc 2001		9.13	5.46	109.5061	-.0869	110.32	107.71
Conv 9½pc 2001	‡	8.69	5.53	109.7861	-.0869	110.42	106.73
Conv 9¾pc 2001	‡	8.81	5.51	110.6521	-.0869	111.35	107.58
Treas 7pc 2001		6.67	5.19	104.9183	-.0855	105.58	100.71
Exch 12pc 1999-2	‡	11.91	6.60	100.7900	-.0400	104.84	100.01
Conv 10pc 2002	‡	8.71	5.16	114.7797	-.1209	116.36	110.86
Treas 7pc 2002		6.59	5.07	106.1852	-.1038	107.14	101.42
Conv 9¾pc 2002	‡	8.25	5.19	113.8387	-.1289	115.36	108.76
Treas 9¾pc 2002		8.45	5.18	115.4017	-.1209	116.92	111.18
Exch 9pc 2002	‡	7.93	5.23	113.5427xd	-.1203	114.96	108.87
Conv 9½pc 2003	‡	8.27	5.22	117.9357	-.1203	118.33	112.78
Treas 8pc 2003		7.13	4.97	112.1877	-.1381	113.65	106.89
Treas 10pc 2003		8.27	5.03	120.9066	-.1891	122.74	115.44
Treas 13¾pc 2000-3	‡	12.19	5.56	112.7870	-.0871	115.71	112.14
Five to Fifteen Years							
Treas 6½pc 2003		6.09	4.94	107.3498	-.1501	108.55	100.82
Treas 11½pc 2001-4		10.19	5.48	112.8945	-.0588	114.41	110.80
Treas 10pc 2004	‡	8.10	5.07	123.5116xd	-.1894	125.21	117.38
Funding 3½pc 1999-4		3.57	3.85	97.9912	-.0510	98.88	90.17
Conv 9½pc 2004		7.74	5.01	122.7216	-.2187	124.59	116.53
Treas 6¾pc 2004		6.15	4.88	109.6940xd	-.1973	111.19	101.94
Conv 9½pc 2005		7.64	5.01	124.3619	-.2529	126.15	117.51
Exch 10½pc 2005	‡	7.90	4.90	131.3699	-.2529	133.25	124.29
Treas 12½pc 2003-5		9.41	4.99	132.8828xd	-.2188	134.98	127.40
Treas 8½pc 2005		7.02	4.93	121.0549	-.2783	122.93	113.06
Conv 9¾pc 2006	‡	7.41	4.81	131.5931	-.3514	134.01	122.69
Treas 7½pc 2006		6.41	4.92	117.0048	-.3105	119.08	107.69
Treas 7¾pc 2006		6.57	4.96	117.8767	-.2907	119.98	108.97
Treas 8pc 2002-6		7.29	5.17	109.8025	-.1217	110.93	104.96
Treas 11¾pc 2003-7	‡	8.45	5.15	124.3547	-.1283	125.82	118.61
Treas 8½pc 2007		6.81	4.93	124.8881	-.3514	127.28	114.89
Treas 7¼pc 2007		6.16	4.89	117.7846	-.3533	120.28	106.98
Treas 13½pc 2004-8	‡	9.68	4.95	139.4656	-.2187	141.61	133.46
Treas 9pc 2008		6.80	4.85	132.2663	-.3627	135.17	121.18
Treas 8pc 2009		6.30	4.77	126.8929	-.4271	129.46	112.86
Treas 5¾pc 2009		5.29	4.73	108.6868	-.3046	110.93	98.36
Treas 6¼pc 2010		5.54	4.83	112.7803xd	-.4553	115.56	99.44
Conv 9pc Ln 2011		6.50	4.86	138.5375	-.5316	141.85	124.09
Treas 9pc 2012		6.40	4.86	140.7094	-.5013	144.30	125.84
Treas 5½pc 2008-12		5.16	4.66	106.5447	-.3578	109.14	93.28
Treas 8pc 2013		6.04	4.89	132.4679	-.7498	136.43	116.59
Treas 7¾pc 2012-15		6.69	4.93	127.1977	-.5314	130.60	112.81
Over Fifteen Years							
Treas 8pc 2015		5.86	4.89	136.5548	-.6016	141.24	118.48
Treas 8¾pc 2017		5.91	4.82	148.1504	-1.6634	153.14	127.39
Exch 12pc 2013-17	‡	6.88	4.87	174.4125	-.5316	178.69	155.99
Treas 8pc 2021		5.52	4.87	144.8924	-1.2370	150.23	121.52
Treas 6pc 2028		4.88	4.58	123.0125	-1.4263	128.81	99.88
Undated							
Consols 4pc		5.07	-	78.8817	-1.1122	82.66	61.18
War Loan 3½pc		4.85	-	72.1180xd	-.8683	77.19	55.69
Conv 3½pc '61 Aft		3.93	-	89.1189	-.8883	94.19	72.09
Treas 3pc '66 Aft		5.33	-	56.2802	-.5970	59.05	44.06
Consols 2½pc		4.89	-	51.2802	-.5970	54.05	39.06
Treas. 2½pc		4.98	-	50.1676	-.6955	53.84	38.48

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+or-	1998 High	1998 Low
(b)							
2½pc '99	‡	0.29	1.46	197.7433xd	-.0484	197.99	188.39
2½pc '01	(78.3)	2.30	2.71	205.2768	-.0484	205.46	194.71
2½pc '03	(78.8)	2.22	2.48	205.6322xd	-.0809	205.90	192.34
4⅛pc '04	(135.6)	2.16	2.37	132.3117	-.0849	132.63	124.28
2pc '06	(69.5)	2.20	2.35	226.6322	-.1271	227.34	208.54
2½pc '09	(78.8)	2.24	2.36	207.6711xd	-.1905	208.41	187.06
2½pc '11	(74.6)	2.27	2.38	219.6144	-.2114	220.21	196.58
2½pc '13	(89.2)	2.28	2.37	184.0329	-.1658	184.78	162.49
2½pc '16	(81.6)	2.28	2.34	202.4132	-.2809	203.19	176.38
2½pc '20	(83.0)	2.26	2.32	208.4466	-.2791	201.27	176.21
2½pc '24	(97.7)	2.22	2.28	172.5168	-.2840	173.34	142.68
4⅛pc '30	(135.1)	2.18	2.24	170.3863	-.2815	171.22	140.65

Prospective real redemption rate on projected inflation of (1) 5% and (2) 3%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for March 1998: 160.8 and for October 1998: 164.5.

Other Fixed Interest

	Notes	Yield Int	Yield Red	Price £	+or-	1998 High	1998 Low
Asian Dev 10¼pc 2009		7.54	5.62	135 11/16	+⅛	137 11/16	127 13/16
B'ham 11½pc 2012		7.67	6.39	150	—	154½	140½
Leeds 13½pc 2006		9.28	-	145½	—	148½	141½
Liverpool 3½pc Irred		5.83	-	60	—	64	51
LCC 3pc '20 Aft		6.00	-	50xd	-1	55	44
Manchester 11½pc 2007		8.27	5.90	139	-6	146½	132½
Met. Wtr. 3pc 'B'		3.41	5.95	88	—	92	86
N'wide Anglia 3⅞pc IL 2021		-	3.14	186⅞	+⅛	187⅝	172¼
4⅛pc IL 2024		-	3.15	178⅝	+⅛	187½	158¾

● 'Tap' stock. All UK Gilts are tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices. ‡ Indicative price.

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CURRENCIES & MONEY

Dollar see-saws

MARKETS REPORT

By Alan Beattie

Mixed news from Japan made the dollar see-saw against the yen yesterday, with volatility between the two increased by the usual thin Friday trading.

On the plus side for the dollar was a blow to hopes for a cut in the Japanese consumption tax, which for some has become a totem of the authorities' willingness to embrace radical reform.

But longer-term prospects for the dollar were brought into question by the increasingly aggressive tone being employed by the US administration during the President's trip to Japan.

The Clinton camp has made clear that the US cannot continue indefinitely to prop up Japan and other Asian economies by running perpetual current account deficits and hence acting as the world's consumer of last resort. Some may see this as tantamount to an admission that the dollar must weaken in the medium term.

After fluctuating between Y121 and Y119 in Asian trading, the dollar settled down in Europe to finish London trading hours at Y120.3, up from Thursday's close of Y118.8.

Mr Clinton warned yesterday that the fiscal and banking reform plans proposed by the Japanese government may not be sufficient. This threatened recovery both in Japan and the rest of the east Asian economies and raised fears of a protectionist trade war, he said.

But Kiichi Miyazawa, the finance minister, punctured hopes of a larger reflation yesterday with comments that the Y10,000bn tax cut proposed by the Liberal Party was "impossible" and that there were no plans to cut the consumption tax.

■ Sterling slipped back slightly on the day after the second estimate of UK gross domestic product (GDP) showed quarterly growth revised down and a hefty rise in inventories.

The lower growth rate had been widely expected. But the large increases in stocks suggested that a sharp economic slowdown was distinctly possible.

After low retail price and retail sales data suggesting that shops had tried but failed to shift goods by cutting prices, higher inventories may confirm market beliefs that the lower growth predicted by gloomy surveys will materialise towards the end of this year and in 1999.

Sterling closed in London at $1.657 yesterday, down from $1.668 on Thursday.

■ The devil finds work for thin markets, and short sterling traders chose a quiet day yesterday to get into a lather about some of the possible diabolical consequences of the millennium bug.

Short sterling contracts across the strip fell only a few basis points yesterday in uninspired trading, with the notable exception of the December 1999 contract which settled 15 basis points down at 94.190.

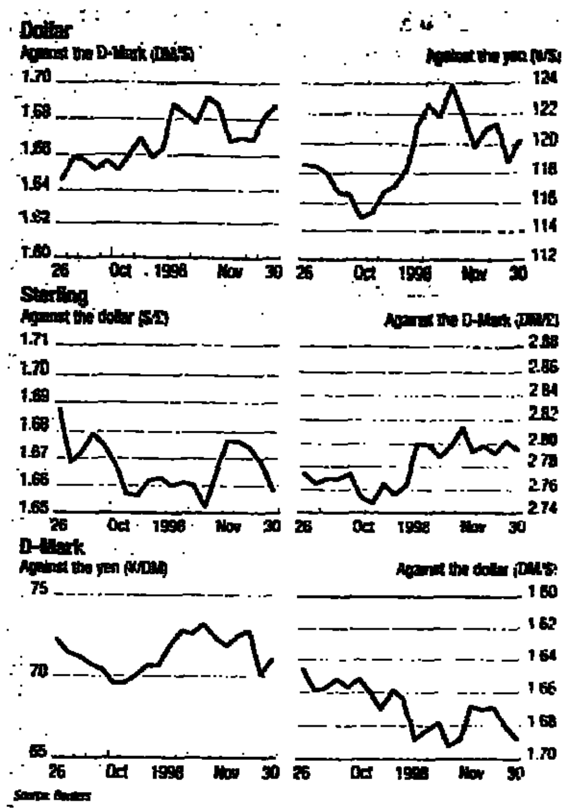
This left the curve of expected future short-term interest rates with a marked upwards blip of around 10-15 basis points at the end of next year.

"This phenomenon has been evident in the German futures strip for some time," said Philip Shaw, chief economist at the investment banking group Investec in London, "and now it seems that the UK market has got itself worried about the same thing."

"Market participants are concerned that trading will be difficult, and some trades may fail, in early 2000 because of possible settlement problems arising from the Y2K [Year 2000] issue," said Mr Shaw. "And these fears of a lack of liquidity in 2000 are putting a premium on three-month money at the end of 1999."

■ POUND IN NEW YORK

Nov 20	—Latest—	— Prev. close —
£ spot	1.6550	1.6655
1 mth	1.6525	1.6629
3 mth	1.6485	1.6789
1 yr	1.6360	1.6460



POUND SPOT FORWARD AGAINST THE POUND

Nov 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.6834	-0.0335	747 - 920	19.7647	19.6641	19.625	3.5	19.5218	3.3	19.1656	2.8	103.5
Belgium	(BFr)	57.7077	-0.092	523 - 630	57.9320	57.6430	57.5426	3.4	57.24	3.2	56.1811	2.6	103.5
Denmark	(DKr)	10.6354	-0.0211	287 - 421	10.6829	10.6278	10.614	2.4	10.57	2.5	10.419	2.0	107.3
Finland	(FM)	8.5063	-0.0144	013 - 112	8.5366	8.4970	8.4812	3.5	8.4378	3.2	8.2932	2.5	82.8
France	(FFr)	9.3805	-0.0145	757 - 852	9.4243	9.3694	9.3538	3.4	9.3041	3.3	9.1293	2.7	107.0
Germany	(DM)	2.7975	-0.0049	963 - 987	2.8105	2.7942	2.7891	3.8	2.7753	3.2	2.7228	2.7	105.1
Greece	(Dr)	468.901	-0.419	622 - 180	471.899	467.031	470.693	-4.6	473.982	-4.3	486.517	-3.8	82.1
Ireland	(I£)	1.1258	-0.0019	234 - 277	1.1296	1.1227	1.1229	3.2	1.1168	3.1	1.0986	2.5	95.4
Italy	(L)	2769.46	-4.51	850 - 042	2781.80	2757.35	2762.2	3.1	2747.81	3.1	2697.33	2.6	76.3
Luxembourg	(LFr)	57.7077	-0.092	523 - 630	57.9320	57.6430	57.5426	3.4	57.24	3.2	56.1811	2.6	103.5
Netherlands	(Fl)	3.1543	-0.0054	527 - 559	3.1687	3.1505	3.1448	3.6	3.1278	3.4	3.069	2.7	103.0
Norway	(NKr)	12.3619	-0.1078	572 - 665	12.4969	12.3205	12.3757	-1.3	12.399	-1.2	12.4204	-0.5	93.9
Portugal	(Es)	286.873	-0.407	721 - 026	288.067	286.578	286.046	3.5	284.582	3.2	279.308	2.6	92.8
Spain	(Pta)	237.836	-0.7	668 - 978	238.918	237.660	237.299	3.0	236.1	2.9	231.738	2.6	77.5
Sweden	(SKr)	13.3915	-0.0871	799 - 030	13.4737	13.3344	13.3543	3.3	13.2912	3.0	13.0701	2.4	79.8
Switzerland	(SFr)	2.3037	-0.0008	023 - 051	2.3156	2.3065	2.293	5.6	2.273	5.3	2.2015	4.4	107.9
UK	(£)												100.6
Ecu	-	1.4229	-0.0019	219 - 236	1.4279	1.4211	1.4194	3.0	1.4122	3.0	1.3858	2.6	-
SDR†	-	1.194960	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6568	-0.012	554 - 562	1.6655	1.6539	-	-	-	-	-	-	-
Brazil	(R$)	1.9792	-0.0123	783 - 801	1.9873	1.9775	-	-	-	-	-	-	-
Canada	(C$)	2.5620	-0.0211	605 - 634	2.5793	2.5558	2.558	1.9	2.5507	1.8	2.53	1.2	75.8
Mexico	(New Peso)	16.4904	-0.1455	798 - 209	16.5089	16.3691	16.7636	-26.6	17.5073	-27.0	20.4695	-24.8	-
USA	($)	1.6566	-0.0115	562 - 570	1.6668	1.6548	1.6541	1.8	1.6501	1.6	1.6378	1.1	106.5
Pacific/Middle East/Africa													
Australia	(A$)	2.70.2316	-0.5459	063 - 568	70.6300	70.1960	70.3704	-2.4	71.0477	-4.6	75.1595	-7.0	-
Indonesia	(Rupiah)	12465.94	-253.3	019 - 178	12631.20	12368.50	12991.39	-41.9	13794.59	-42.6	16496.43	-32.3	-
Israel	(Shk)	6.9358	-0.0123	214 - 501	6.9517	6.8866	-	-	-	-	-	-	-
Japan	(Y)	199.206	+1.036	075 - 337	200.910	197.750	198.036	7.0	195.836	6.8	187.371	5.9	128.6
Malaysia	(M$)	6.2951	+2.657	932 - 976	6.3297	6.2867	-	-	-	-	-	-	-
New Zealand	(NZ$)	3.0884	+0.0169	836 - 891	3.1017	3.0775	3.0781	3.2	3.0648	2.8	3.0438	1.4	91.9
Philippines	(Peso)	65.5186	-0.5382	371 - 001	65.7150	65.3298	65.9824	-8.1	66.9102	-8.5	70.8431	-8.1	-
Saudi Arabia	(SR)	6.2133	-0.0431	116 - 149	6.2474	6.2067	6.2087	0.9	6.2036	0.6	6.2029	0.2	-
Singapore	(S$)	2.6970	-0.0085	946 - 993	2.7182	2.6938	2.6853	5.2	2.6656	4.6	2.6177	2.9	-
South Africa	(R)	9.3226	-0.0943	120 - 331	9.3938	9.3095	9.4078	-11.0	9.5803	-11.1	10.3236	-10.7	-
South Korea	(Won)	2093.94	-53.74	176 - 611	2137.46	2090.29	-	-	-	-	-	-	-
Taiwan	(T$)	53.7120	-0.402	841 - 398	54.0336	53.6685	53.6945	0.4	53.6651	0.3	53.7085	0.0	-
Thailand	(Bt)	59.8933	-0.6654	080 - 006	60.2290	59.7019	59.8507	-1.0	60.0129	-1.4	61.4083	-2.7	-

† Rates for Nov 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. The exchange rates printed in this table are also available on the internet at http://www.FT.com.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	11.8818	+0.0618	794 - 841	11.9020	11.8445	11.8651	1.7	11.8330	1.7	11.7335	1.5	103.3
Belgium	(BFr)	34.8350	+0.185	100 - 600	34.9029	34.7620	34.7895	1.6	34.5396	1.7	34.305	1.5	102.4
Denmark	(DKr)	6.4200	+0.0316	175 - 225	6.4340	6.4030	6.417	0.6	6.4078	0.9	6.3025	0.9	105.4
Finland	(FM)	5.1348	+0.0268	330 - 365	5.1455	5.1240	5.1277	1.7	5.1137	1.5	5.0582	1.5	[illegible]
France	(FFr)	5.6625	+0.0303	610 - 640	5.6749	5.6490	5.6552	1.5	5.6396	1.7	5.575	1.5	106.6
Germany	(DM)	1.6887	+0.0067	884 - 890	1.6922	1.6847	1.6863	1.7	1.682	1.6	1.6623	1.5	104.7
Greece	(Dr)	283.050	+1.7	950 - 150	283.900	281.090	284.575	-6.5	287.25	-5.9	[illegible]	[illegible]	82.1
Ireland	(I£)	1.4718	-0.0077	693 - 743	1.4755	1.4690	1.4734	-1.3	1.4773	-1.5	1.4933	[illegible]	-
Italy	(L)	1671.78	+8.83	160 - 195	1675.35	1668.30	1670	1.3	1665.23	1.6	1647.15	1.5	76.1
Luxembourg	(LFr)	34.8350	+0.185	100 - 600	34.9020	34.7620	34.7895	1.6	34.6295	1.7	34.305	1.5	103.4
Netherlands	(Fl)	1.9041	+0.0088	038 - 045	1.9077	1.9004	1.9012	1.8	1.8955	1.6	1.8741	1.6	102.7
Norway	(NKr)	7.4622	-0.0132	612 - 632	7.5147	7.4392	7.4822	-3.2	7.5142	-2.8	7.5847	-1.5	91.7
Portugal	(Es)	173.170	+0.95	120 - 220	173.380	172.600	172.94	1.6	172.455	1.7	170.565	1.5	93.2
Spain	(Pta)	143.570	+0.57	520 - 620	143.870	143.300	143.432	1.2	143.085	1.4	141.515	1.4	77.3
Sweden	(SKr)	8.0837	+0.0035	787 - 887	8.0964	8.0483	8.0739	1.5	8.0549	1.4	7.9815	1.3	80.9
Switzerland	(SFr)	1.3906	+0.0091	901 - 911	1.3940	1.3864	1.3862	3.8	1.3775	3.8	1.3444	3.3	109.0
UK	(£)	1.6566	-0.0115	562 - 570	1.6658	1.6548	1.6541	1.9	1.6501	1.6	1.6376	1.1	100.6
Ecu	-	1.1643	-0.0065	638 - 648	1.1676	1.1621	1.1653	-1.1	1.1685	-1.5	1.1816	-1.5	-
SDR†	-	0.71600	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0003	995 - 995	0.9995	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	1.1948	+0.0009	945 - 950	1.1950	1.1942	-	-	-	-	-	-	-
Canada	(C$)	1.5465	-0.002	460 - 470	1.5484	1.5433	-	-	1.5457	0.2	1.545	0.1	79.2
Mexico	(New Peso)	9.9000	-0.019	900 - 100	9.9100	9.8900	10.135	-28.5	10.61	-28.7	12.5	-26.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	107.6
Pacific/Middle East/Africa													
Australia	(A$)	1.5534	+0.0042	528 - 540	1.5601	1.5516	1.5526	0.6	1.55	0.9	1.5393	0.9	91.6
Hong Kong	(HK$)	7.7421	-0.0018	418 - 423	7.7455	7.7413	7.7434	-0.2	7.7576	-0.8	7.9196	-2.3	-
India	(Rs)	42.3950	-0.035	900 - 000	42.4220	42.3900	42.545	-4.2	43.0575	-6.3	45.5975	-9.3	-
Indonesia	(Rupiah)	7525.00	-100	500 - 500	7800.00	7474.60	7800	-43.9	8360	-44.4	10075	-33.9	-
Israel	(Shk)	4.1868	+0.0215	781 - 944	4.1953	4.1576	-	-	-	-	-	-	-
Japan	(Y)	120.250	+1.45	200 - 300	120.900	118.870	119.73	5.2	118.685	5.2	114.425	4.8	128.3
Malaysia‡	(M$)	3.8000	+1.63	300 - 300	3.8000	3.8000	-	-	-	-	-	-	-
New Zealand	(NZ$)	1.8631	+0.023	619 - 643	1.8667	1.8515	1.8662	-2.0	1.8716	-1.8	1.8904	-1.5	-
Philippines	(Peso)	39.5500	-0.05	500 - 500	39.6500	39.4500	39.88	-10.0	40.55	-10.1	43.2615	-9.4	-
Saudi Arabia	(SR)	3.7506	-	505 - 507	3.7507	3.7505	3.7536	-1.0	3.7597	-1.0	3.7875	-1.0	-
Singapore	(S$)	1.6280	+0.0055	270 - 290	1.6360	1.6208	1.6234	3.4	1.6155	3.1	1.5965	1.8	-
South Africa	(R)	5.6275	-0.0178	225 - 325	5.6550	5.6200	5.6878	-12.8	5.805	-12.7	6.2005	-12.0	-
South Korea	(Won)	1294.00	-23.5	300 - 500	1286.00	1263.00	-	-	-	-	-	-	-
Taiwan	(T$)	32.4230	-0.0175	140 - 320	32.4500	32.4000	32.463	-1.5	32.523	-1.2	32.793	-1.2	-
Thailand	(Bt)	36.1060	-0.15	500 - 500	36.9000	36.0460	36.185	-2.8	36.37	-3.0	37.5	-3.9	-

† SDR rate per $ for Nov 19. ‡ Official rate set by Malaysian government. The WM/Reuters rate for the valuation of capital assets is 5.43 MYR/USD, a discount of 30% on the official rate. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 19: Base average 1990=100. Bid, offer, mid spot rates and forward rates in both this and the Dollar table are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

Nov 20	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.75	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.60	-	3.30
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	3.69
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.50	5.00	5.12
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.75	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	5	[illegible]	5	[illegible]	-	4.50	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR BBA London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	4.74	4.80	4.79	4.78	-	-	-
ECU Linked Ds	-	4	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

[illegible] rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. [illegible]

EURO CURRENCY INTEREST RATES

Nov 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	96.64	96.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jan	96.510	96.520	+0.005	96.520	96.510	[illegible]	[illegible]
Mar	96.575	[illegible]		96.620	[illegible]	[illegible]	[illegible]
Jun	96.645	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	[illegible]	[illegible]	-	-	0	[illegible]

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.300	[illegible]	-	[illegible]	96.300	[illegible]	[illegible]
Mar	96.540	96.530	0.005	96.540	96.510	[illegible]	[illegible]
Jun	96.640	96.650	+0.005	96.670	96.630	[illegible]	[illegible]
Sep	96.640	96.650	+0.010	96.650	96.620	[illegible]	[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.410	98.350	-0.100	98.410	98.350	[illegible]	[illegible]
Mar	99.420	98.350	-0.100	98.420	98.350	[illegible]	[illegible]
Jun	98.330	98.270	-0.100	98.330	98.270	1674	[illegible]
Sep	95.220	95.170	0.100	[illegible]	98.160	[illegible]	[illegible]

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	99.41	+0.01	-	-	0	n.a
Mar	-	99.51	+0.01	-	-	0	n.a
Jun	-	99.56	-	-	-	0	n.a

* LIFFE futures also traded on APT

■ THREE MONTH EURO FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jan	-	96.520	+0.005	-	-	0	0
Mar	96.585	96.595	-0.005	96.585	96.505	50	5582
Jun	-	96.650	-	-	-	0	[illegible]
Sep	-	96.650	-0.005	-	-	0	1264

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.81	94.81	-	94.82	94.80	58,998	451,644
Mar	95.13	95.11	-0.01	95.14	95.08	107,089	511,976
Jun	95.15	95.11	-0.03	95.15	95.09	97,772	418,257

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	95.68	95.70	-0.02	95.72	95.68	46	1,637
Mar	-	95.93	-0.01	95.95	95.93	14	359
Jun	-	96.10	-	-	-	1	50

All Open interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 20		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.43	16.26	4.848	1.950	4799	5.466	21.82	497.1	412.1	23.21	3.992	1.733	4.440	2.871	345.2	2.468
Denmark	(DKr)	54.26	10	8.820	2.630	1.058	2604	2.966	11.62	269.7	223.6	12.59	2.166	0.940	2.409	1.558	187.3	1.338
France	(FFr)	61.52	11.34	10	2.982	1.200	2952	3.363	13.18	305.8	253.5	14.28	2.456	1.066	2.731	1.766	212.4	1.517
Germany	(DM)	20.63	3.802	3.353	1	0.402	990.0	1.128	4.419	102.5	85.02	4.787	0.823	0.357	0.916	0.592	71.21	0.509
Ireland	(I£)	51.27	9.449	8.334	2.485	1	2461	2.802	10.98	254.9	211.3	11.90	2.047	0.888	2.276	1.472	177.0	1.264
Italy	(L)	2.084	0.384	0.339	0.101	0.041	100	0.114	0.446	10.36	8.588	0.484	0.083	0.036	0.093	0.060	7.193	0.051
Netherlands	(Fl)	18.29	3.372	2.974	0.887	0.357	878.0	1	3.919	90.95	75.40	4.245	0.730	0.317	0.812	0.525	63.15	0.451
Norway	(NKr)	46.68	8.603	7.588	2.263	0.911	2240	2.552	10	232.1	192.4	10.83	1.864	0.809	2.072	1.340	161.1	1.151
Portugal	(Es)	20.12	3.707	3.270	0.975	0.392	965.4	1.100	4.309	100	82.91	4.668	0.803	0.349	0.893	0.577	69.44	0.496
Spain	(Pta)	24.26	4.472	3.944	1.176	0.473	1164	1.326	5.198	120.6	100	5.631	0.969	0.420	1.077	0.697	83.76	0.598
Sweden	(SKr)	43.09	7.942	7.005	2.089	0.841	2068	2.355	9.231	214.2	177.6	10	1.720	0.747	1.913	1.237	148.8	1.063
Switzerland	(SFr)	25.05	4.617	4.072	1.214	0.489	1202	1.369	5.366	124.5	103.2	5.813	1	0.434	1.112	0.719	86.47	0.618
UK	(£)	57.71	10.64	9.381	2.798	1.126	2769	3.154	12.36	286.9	237.8	13.39	2.304	1	2.562	1.657	199.2	1.423
Canada	(C$)	22.53	4.151	3.662	1.092	0.439	1081	1.231	4.825	112.0	92.84	5.227	0.899	0.390	1	0.647	77.76	0.555
USA	($)	34.84	6.420	5.663	1.689	0.679	1672	1.904	7.462	173.2	143.6	8.084	1.391	0.604	1.547	1	120.3	0.859
Japan	(Y)	28.97	5.339	4.709	1.404	0.565	1390	1.583	6.206	144.0	119.4	6.722	1.156	0.502	1.286	0.832	100	0.714
Ecu	-	40.56	7.475	6.593	1.966	0.791	1946	2.217	8.688	201.6	167.2	9.412	1.619	0.703	1.801	1.164	140.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.5935	0.5929	-0.0008	0.5943	0.5913	14,618	93,803
Mar	0.5941	0.5949	-0.0007	0.5954	0.5939	168	1,988
Jun	-	0.5965	-0.0012	-	0.5965	5	1,170

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7225	0.7202	-0.0019	0.7229	0.7190	11,115	39,958
Mar	0.7258	0.7270	-0.0015	0.7280	0.7258	76	511
Jun	-	0.7332	-0.0012	-	0.7320	1	23

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8355	0.8335	-0.0024	0.8440	0.8295	26,283	80,031
Mar	0.8433	0.8456	-0.0015	0.8500	0.8420	342	5,037
Jun	-	0.8571	-	-	-	100	3,339

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6646	1.6552	-0.0094	1.6646	1.6520	4,199	49,264
Mar	1.6510	1.6490	-0.0098	1.6510	1.6460	109	1,806
Jun	-	1.6430	-0.0102	-	1.6430	4	1,202

EMS EUROPEAN CURRENCY UNIT RATES

Nov 20	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Greece	357.000	328.525	-0.282	-7.98	7.70	53
Denmark	7.54257	7.44666	+0.00006	-1.28	0.40	9
Ireland	0.796244	0.787873	+0.000038	-1.05	0.16	7
Spain	168.220	166.525	+0.005	-1.01	0.12	7
France	6.63186	6.56690	+0.00069	-0.98	0.09	6
Germany	1.97738	1.95841	+0.00028	-0.96	0.07	9
Belgium	40.7844	40.3983	+0.0049	-0.95	0.06	7
Italy	1957.61	1938.98	+0.39	-0.95	0.06	7
Austria	13.9119	13.7791	+0.0026	-0.96	0.08	7
Finland	6.01125	5.95553	+0.00185	-0.93	0.04	6
Portugal	202.692	200.866	+0.024	-0.90	0.01	6
Netherlands	2.22799	2.20815	+0.00024	-0.89	0.00	7
NON ERM MEMBERS						
UK	0.653644	0.699245	-0.000566	6.98	-7.35	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92 Sterling suspended from ERM. 16/3/98 Drachma joined ERM & Punt revalued by 3%. Other central rates adjusted. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
1.650	0.94	1.77	2.22	1.42	2.45	3.04
1.660	0.48	1.25	1.81	2.07	3.02	3.64
1.670	0.36	1.07	1.49	2.77	-	-

Previous day's vol., Calls 10 Puts 122. Prev. day's open int., Calls 549 Puts 3,563

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Dec	PUTS Jan	PUTS Feb	PUTS Mar
96375	0.045				0.030			
96500	0.015	0.140	0.160	0.175	0.125	0.040	0.050	0.075
96625	0.010				0.245			
96750	0.005	0.040	0.050	0.075	0.365	0.190	0.200	0.225

Est. vol. total, Calls 30064 Puts 5615. Previous day's open int., Calls [illegible] Puts [illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
98500	0.040	0.120	0.160	0.190	0.270	0.290
98625	0.010			0.285		

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 13247 Puts 4457

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
96375	0.020			0.075		
96500	0.010	0.150	0.290	0.190	0.090	0.140
96625	0.005			0.310		

Est. vol. total, Calls 30 Puts 0. Previous day's open int., Calls 7297 Puts [illegible]

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
0.590	0.41	0.77	1.03	0.60	0.89	1.08
0.595	0.25	0.60	0.81	0.93	1.18	1.36
0.600	0.18	0.44	0.63	1.32	-	-

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

UK INTEREST RATES

LONDON MONEY RATES

Nov 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7¼ - 6	6¾ - 6½	[illegible]	7 - 6¾	6½ - 6½	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	6¾ - 6½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	6¼ - 6¾	6¾ - 6½	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from Nov 5, 1998

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	4	6.5	6.5	6.25	6.25

Certs of Tax dep. under £100,000 is 4pc. Deposits withdrawn for cash 2pc.
Ave. tender rate of discount on Nov 13, 6.3761pc. ECGD fixed rate Stlg. Export Finance. Make up day Oct 30, 1998. Agreed rate for period Nov 25, 1998 to Dec 25, 1998, Scheme III 8.47pc. Reference rate for period Oct 1, 1998 to Oct 30, 1998, Schemes IV & V 7.227pc. Finance House Base Rate 7½pc for Nov 1998.

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.230	93.190	-0.040	93.230	93.170	27295	199335
Mar	93.780	93.740	-0.040	93.780	93.710	20677	163966
Jun	94.140	94.100	-0.050	94.140	94.080	22163	145238
Sep	94.320	94.250	-0.065	94.320	94.230	21810	150394
Dec	94.260	94.150	-0.145	94.260	94.120	19421	142948

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
93000	0.210	0.770	1.140	0.020	0.030	0.040
93125	0.110			0.045		
93250	0.050	0.550	0.915	0.110	0.060	0.085
93375	0.025			0.210		
93500	0.010	0.355	0.710	0.320	0.115	0.110
93625	0.005			0.440		

Est. vol. total, Calls 15842 Puts 13791. Previous day's open int., Calls 582203 Puts 608223

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Exeter Trust Limited	7.75	Smith & Williamson	6.75
Allied Irish Bank (GB)	6.75	Financial & Gen Bank	8.00	Sun Bank	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	Habib Bank AG Zurich	6.75	United Bank of Kuwait	6.75
Bank of Cyprus	6.75	Heritable & Gen Inv Bk	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	7.50	C. Hoare & Co	6.75	Whiteaway Laidlaw	6.75
Bank of India	6.75	●Hambros Bank	6.75	Yorkshire Bank	6.75
Bank of Scotland	6.75	Hongkong & Shanghai	6.75		
Barclays Bank	6.75	Investec Bank (UK) Ltd	6.75	● Members of London Investment Banking Association	
Brit Bk of Mid East	6.75	Julian Hodge Bank	6.75		
●Brown Shipley & Co Ltd	6.75	●Leopold Joseph & Sons	6.75		
Citibank NA	6.75	Lloyds Bank	6.75		
Clydesdale Bank	6.75	Midland Bank	6.75		
The Co-operative Bank	6.75	NatWestminster	6.75		
Coutts & Co	6.75	●Rea Brothers	6.75		
Cyprus Popular Bank	7.25	Royal Bk of Scotland	6.75		
Duncan Lawrie	6.75	Scottish Widows Bank	6.75		
		●Singer & Friedlander	6.75		

■ OTHER CURRENCIES

Nov 20	£	$
Czech Rep	49.9295 - 49.9867	30.1470 - 30.1670
Hungary	362.642 - 363.065	218.950 - 219.110
Iran	4971.00 - 4958.00	3000.00 - 3000.00
Kuwait	0.5008 - 0.5012	0.3024 - 0.3025
Peru	5.1155 - 5.1243	3.0905 - 3.0925
Poland	5.7263 - 5.7532	3.4575 - 3.4600
Russia	28.8179 - 29.3289	17.4000 - 17.7000
U.A.E.	6.0827 - 6.0853	3.6727 - 3.6731

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Companies and Finance page in Monday's edition.

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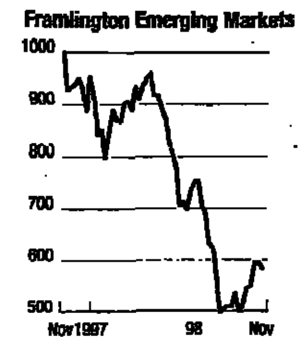
WINNERS AND LOSERS

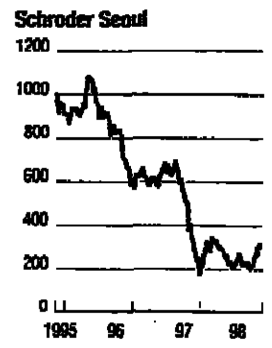
TOP FIVE OVER 1 YEAR:	
Baring German Growth	1,534
Newton European	1,415
Fidelity American	1,394
CF Odey European Acc	1,390
Murray European	1,380
BOTTOM FIVE OVER 1 YEAR:	
Dimensional UK Smaller Cos	332
Scot Widows Latin America	574
AIB Govett American Strategy	577
Dresdner RCM Gl Emer Mkts	582
Framlington Emerging Markets	584

Framlington Emerging Markets



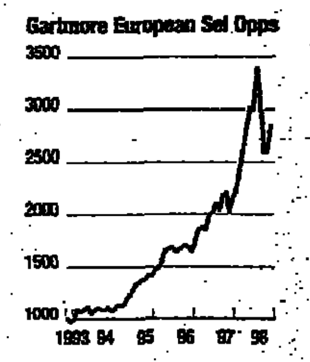
TOP FIVE OVER 3 YEARS:	
Jupiter UK Growth Exempt	2,120
TU European	2,086
Newton European	2,055
Invesco European Growth	2,022
Invesco European Small Cos	1,996
BOTTOM FIVE OVER 3 YEARS:	
Old Mutual Thailand Acc	272
Save & Prosper Korea	301
Schroder Seoul	316
Save & Prosper Gold & Exp'tion	357
Baring Korea	366

Schroder Seoul



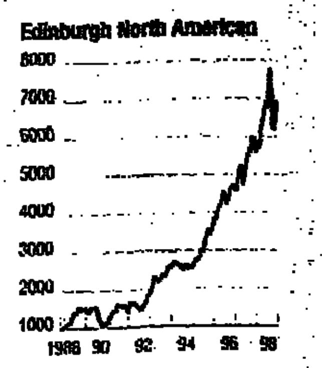
TOP FIVE OVER 5 YEARS:	
GA North America Growth	3,103
Gartmore European Sel Opps	2,838
Invesco European Growth	2,743
TU European	2,702
Invesco European Small Cos	2,660
BOTTOM FIVE OVER 5 YEARS:	
Save & Prosper Korea	252
Schroder Seoul	290
Old Mutual Thailand Acc	299
Schroder Japan Small Cos Acc	353
Save & Prosper Gold & Exp'tion	361

Gartmore European Sel Opps



TOP FIVE OVER 10 YEARS:	
GA North America Growth	8,341
F&C US Smaller Companies	8,033
Aberdeen Prolific Technology	7,873
Edinburgh North American	6,927
Hill Samuel US Smaller Cos	6,886
BOTTOM FIVE OVER 10 YEARS:	
Barclays Japan	379
Henderson Japan Smaller Cos	428
M&G Japan Acc	439
Invesco Japan Growth	493
Henderson Japan	535

Edinburgh North American



Source: Reuters (Tel 01625 511311)

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices	1 year (£)	3	5	10	Volatility	Yld%
Average Unit Trust	1021	1238	1437	2800	4.3	2.5
Average Investment Trust	1051	1290	1515	3083	6.1	5.0
Bank	1046	1122	1208	1768	0.0	5.7
Building Society	1043	1114	1202	1764	0.0	5.4
Stockmarket: FTSE All-Share	1126	1556	1920	3695	3.6	3.1
Inflation	1031	1098	1160	1502	0.3	-

UK Growth	1 year (£)	3	5	10	Volatility	Yld%
Jupiter UK Growth Exempt	1364	2120	-	-	4.8	0.9
Johnson Fry Slater Growth	926	1846	2048	4068	4.3	1.9
River & Mercantile 1st Growth	1083	1680	2295	-	3.5	0.9
Lloyds TSB Environmental Inv	1154	1652	1955	-	3.7	1.1
Thornhill Capital	1136	1638	1827	-	3.9	0.3
SECTOR AVERAGE	1031	1384	1684	2674	3.8	1.7

UK Growth & Income						
CF The Utilities	1285	1763	2290	-	3.8	2.6
Fleming Select UK Income	1144	1701	2087	3108	3.8	2.7
Laurence Keen Income & Growth	1124	1646	1875	-	3.6	3.1
River & Mercantile Top 100	1155	1636	-	-	3.8	3.0
HSBC Footsie Fund	1148	1615	1843	-	3.9	1.9
SECTOR AVERAGE	1069	1428	1690	2883	3.6	2.3

UK Smaller Companies						
GT UK Smaller Companies Acc	1214	1647	1668	-	4.3	1.3
NatWest UK Smaller Cos	913	1559	-	-	4.7	2.3
Henderson Exempt Cygnet	1033	1530	1673	-	4.2	1.2
Laurence Keen Smaller Cos	955	1502	2148	-	4.4	1.8
Gartmore UK Smaller Companies	873	1470	2049	2291	4.9	1.3
SECTOR AVERAGE	881	1106	1357	1795	4.4	1.9

UK Equity Income						
BWD UK Equity Income	1109	1664	2097	3346	3.4	3.5
Premier Dividend	1189	1659	2053	2223	3.4	3.7
Jupiter Income	1052	1631	2344	4901	3.1	3.8
Fidelity Income Plus	1107	1598	1752	2438	3.2	4.2
NPI Global Care Income	1097	1554	-	-	3.0	3.3
SECTOR AVERAGE	1048	1408	1841	2769	3.3	4.0

UK Equity & Bond Income						
Abbey National Extra Income	1074	1514	1692	3365	2.4	4.4
CIS UK Income	1113	1508	1738	-	2.8	3.5
Edinburgh UK Income	1102	1488	1722	2304	2.9	3.4
Marlborough HH UK High Income	1085	1477	-	-	2.6	5.9
CGU PPT High Yield	1087	1468	1638	2458	2.7	5.6
SECTOR AVERAGE	1050	1345	1499	2366	2.5	5.1

UK Eq & Bd	1 year (£)	3	5	10	Volatility	Yld%
Canlife Income Dis	1071	1473	1665	2655	3.0	2.9
Perpetual High Income	1051	1457	1841	4425	3.8	3.7
AXA Sun Life High Yield	1056	1434	1609	2503	3.0	2.5
NPI UK Extra Income	1100	1426	1768	-	3.0	2.1
AXA Sun Life Income & Grth	1082	1409	1607	2581	3.1	2.4
SECTOR AVERAGE	1060	1401	1656	2974	3.1	2.9

UK Fixed Interest						
CGU PPT Preference	1182	1559	1628	2381	2.3	6.0
Morgan Gren MP Annuity Conv Ex	1156	1485	-	-	1.7	5.0
Prolific Pref & Fixed Interest	1123	1485	1597	2195	1.5	5.3
Henderson Preference & Bond	1101	1467	1581	2091	1.2	6.7
CGU PPT Monthly Income Plus	1125	1465	1581	-	1.7	7.0
SECTOR AVERAGE	1088	1315	1414	2169	1.4	6.0

UK Gilt						
Fleming Select Long-dated Gilt	1271	1637	-	-	2.1	5.5
Fidelity Institutional Lg Gilt	1265	1605	-	-	2.2	5.5
Mercury Long-Dated Bond	1183	1478	1503	-	2.1	3.5
M&G Gilt & Fixed Interest	1170	1426	1489	2326	1.6	4.8
Gartmore PS Fixed Interest	1173	1388	1425	2345	1.5	5.8
SECTOR AVERAGE	1127	1303	1328	2190	1.3	4.9

Far East exc Japan						
HSBC Hong Kong Growth	854	1184	1158	5043	10.0	2.6
Friends Prov Australian	969	1138	1253	2772	5.1	-
INVESCO Hong Kong & China	748	976	792	3889	10.0	2.3
Old Mutual Hong Kong	840	909	826	3928	10.9	2.1
Fidelity South East Asia	984	908	923	3547	9.1	1.4
SECTOR AVERAGE	831	650	611	2429	8.9	1.5

Far East inc Japan						
AIB Govett Greater China	698	862	784	1910	9.7	-
Jupiter Far Eastern	976	847	711	1702	7.4	-
Save & Prosper Far East Sm Cos	939	835	585	-	5.9	1.1
Royal & SunAll Far East	962	819	776	1105	6.2	1.3
Smith & Williamson Far East	872	774	669	-	5.6	0.5
SECTOR AVERAGE	849	685	646	1431	6.5	1.0

Japan						
Martin Currie Japan	909	874	848	-	5.8	-
Newton Japan	867	867	781	922	6.1	-
Murray Japan Growth	1045	862	871	-	5.8	-
GT Japan Growth	912	851	884	1198	3.1	0.0
Baillie Gifford Japanese	946	837	795	1165	5.8	-
SECTOR AVERAGE	880	627	601	786	6.3	0.7

Europe	1 year (£)	3	5	10	Volatility	Yld%
TU European	1315	2086	2702	-	4.6	1.4
Newton European	1415	2055	2660	5015	5.7	0.3
INVESCO European Growth	1334	2022	2743	5366	6.5	-
INVESCO European Small Cos	1364	1996	2660	5382	5.7	-
Baring German Growth	1534	1987	2137	-	6.0	0.5
SECTOR AVERAGE	1194	1618	2012	4055	5.4	0.7

Global Emerging Mkts						
Stewart Ivory Emerging Market	707	883	791	-	7.9	1.5
Gartmore PS Emerging Markets	796	841	650	-	8.0	1.4
Mercury Emerging Markets	661	824	705	-	8.5	0.3
Save & Prosper Emerging Mkts	760	781	-	-	9.3	1.3
Five Arrows Pd Emerging Mkts	702	726	-	-	7.3	-
SECTOR AVERAGE	701	707	586	1674	8.0	1.3

International Equity Income						
GT International Income	1201	1567	1757	3920	3.4	2.6
Premier Global 100	1162	1391	1624	1939	4.0	-
M&G International Income	1063	1336	1462	3202	3.5	4.2
Mayflower Global Income	1073	1335	1542	2772	3.2	2.4
SECTOR AVERAGE	1089	1407	1571	2958	3.5	2.3

International Fixed Interest						
Newton International Bond	1089	1249	1246	-	1.9	4.1
Baring Global Bond	1063	1249	1322	-	1.5	4.8
Barclays BGI Intl Fix Interest	1091	1241	1284	-	1.0	4.2
Marlborough Managed	1105	1218	1327	2426	1.7	3.5
AES Intl Bond & Convertible	1061	1212	1250	-	1.1	5.4
SECTOR AVERAGE	1066	1066	1122	1920	1.8	4.5

International Equity & Bond						
Fleming General Opportunities	1159	1481	1636	-	2.6	3.3
GA Income Portfolio	1110	1428	1494	-	3.6	2.7
Bank of Ireland Ex Mgd Growth	1057	1379	1632	3270	3.5	2.0
MT General	1106	1359	-	-	-	3.8
Gartmore PS Medium Term Balan	1124	1334	1522	2757	2.1	2.8
SECTOR AVERAGE	1081	1261	1390	2823	2.8	2.7

International Growth						
Framlington Financial	1109	1712	2637	5959	5.2	0.7
Gartmore Global Utilities	1321	1688	1844	-	4.3	1.3
Save & Prosper Financial Secs	1035	1662	2188	4420	4.9	0.5
Hill Samuel Financial	1063	1536	1819	3925	4.8	1.6
Fidelity Managed International	1148	1509	1851	3905	4.4	0.6
SECTOR AVERAGE	1026	1236	1408	2892	4.9	1.2

Best Peps	1 year (£)	3	5	10	Volatility	Yld%
TU European	1315	2086	2702	-	4.8	1.4
Newton European	1415	2055	2660	-	5.7	0.3
INVESCO European Growth	1334	2022	2743	-	6.5	-
INVESCO European Small Cos	1364	1996	2660	-	5.7	-
Threadneedle Euro Sel Gt Acc R	1300	1913	2624	-	6.0	-
AVERAGE UT PEP	1058	1373	1655	-	3.6	2.7

Property	1 year (£)	3	5	10	Volatility	Yld%
Norwich Property	1024	1314	1459	-	1.0	4.7
Aberdeen Prolific Property Shr	827	1262	1141	-	3.8	2.0
Barclays Property	1004	1225	1333	-	0.9	5.6
Airways Residential Property	969	1187	-	-	0.9	5.5
SECTOR AVERAGE	956	1247	1311	-	1.6	4.4

Nth America						
Credit Suisse Transatlantic Ac	1245	1980	-	-	4.5	-
Fidelity American	1394	1927	2444	5970	5.3	-
Fleming Select American	1180	1880	-	-	3.8	0.9
Baring American Growth	1216	1873	2113	5201	4.8	-
Old Mutual North American	1170	1872	1971	4899	4.8	-
SECTOR AVERAGE	1060	1496	1841	4685	5.0	0.6

Commodity & Energy						
M&G Australasian Acc	987	1198	1259	2023	5.9	2.5
M&G Commodity	777	730	901	1473	7.0	1.4
Hill Samuel Natural Resources	885	705	781	1263	6.9	1.1
Lloyds TSB Natural Resources	891	672	750	1949	7.4	0.8
Save & Prosper Commodity	670	646	647	1307	7.3	-
SECTOR AVERAGE	827	658	713	1458	8.6	1.3

Investment Trust Units						
Quilter High Inc Inv Tst Acc	1117	1441	1626	-	3.7	3.5
Aberdeen Prolific Fd of IT Dis	1139	1291	-	-	3.8	8.7
S & F Investment Tst Portfolio	1044	1272	1375	-	4.5	0.7
Quilter Investment Trusts	1040	1269	1482	-	4.9	-
Premier Enterprise	984	1248	-	-	3.1	1.3
SECTOR AVERAGE	1005	1201	1372	2747	4.2	2.1

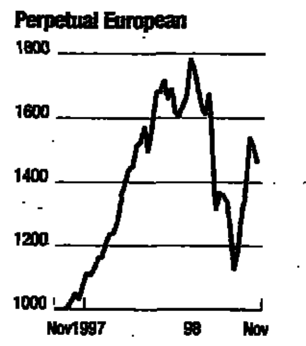
Fund of Funds						
Royal & SunAll Portfolio	1069	1409	1629	2840	3.7	1.2
Lloyds Bank Income Portfolio	1059	1371	1527	-	2.4	3.8
Lloyds TSB Selector	1059	1360	1529	-	3.4	1.7
Mercury Managed Income	1076	1357	-	-	2.4	3.7
Lazard Income Portfolio	1040	1344	1461	-	3.0	3.4
SECTOR AVERAGE	1016	1204	1344	2452	3.2	2.0

INVESTMENT TRUSTS

WINNERS AND LOSERS

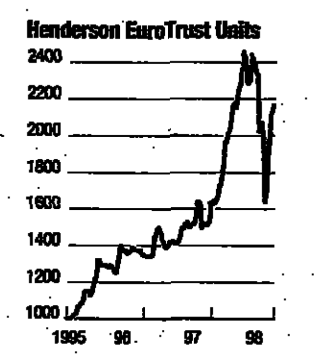
TOP FIVE OVER 1 YEAR:	
Aberdeen Preferred Income	1,830
Aberdeen High Income	1,585
Foreign & Col Enterprise	1,514
Perpetual European	1,511
Jupiter Primadona Growth	1,477
BOTTOM FIVE OVER 1 YEAR:	
First Russian Frontiers	141
International Biotechnology	384
Edinburgh Java	424
Foreign & Col Em Markets	429
Aberdeen Emerging Asia	457

Perpetual European



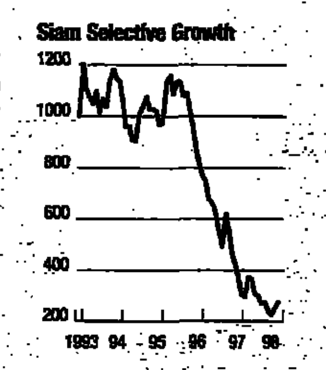
TOP FIVE OVER 3 YEARS:	
Foreign & Col Enterprise	3,187
Jupiter Primadona Growth	2,970
Henderson EuroTrust Units	2,171
Perpetual European	2,152
TR European Growth	2,057
BOTTOM FIVE OVER 3 YEARS:	
East German	181
Edinburgh Java	231
Invesco Korea	268
First Russian Frontiers	279
Siam Selective Growth	281

Henderson EuroTrust Units



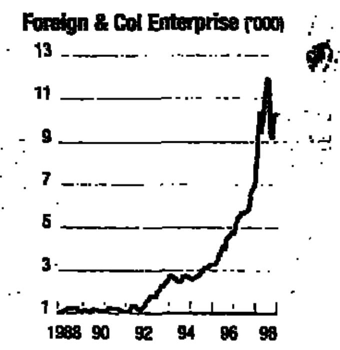
TOP FIVE OVER 5 YEARS:	
Foreign & Col Enterprise	4,187
Jupiter Primadona Growth	3,309
TR European Growth	3,259
Candover	3,098
Kleinwort Development Fund	2,847
BOTTOM FIVE OVER 5 YEARS:	
East German	115
Edinburgh Java	153
Govett Asian Smaller Cos	264
Siam Selective Growth	277
Invesco Korea	300

Siam Selective Growth



TOP FIVE OVER 10 YEARS:	
Foreign & Col Enterprise	10,293
Candover	7,376
Jupiter Primadona Growth	6,242
Personal Assets	5,429
Fleming American	5,301
BOTTOM FIVE OVER 10 YEARS:	
Enterprise	382
Baillie Gifford Shin Nippon	640
Trust of Property Shares	716
Foreign & Col Em Markets	782
Baillie Gifford Japan	817

Foreign & Col Enterprise ('000)



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

Int General	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Personal Assets	1148	1819	2431	-	3.2	1.8
Tribune	1237	1625	1790	11	4.8	2.0
Majedie	1151	1592	1843	10	3.7	2.9
Second Alliance	1202	1467	1758	15	4.7	2.8
Alliance	1200	1467	1732	14	4.3	2.8
SECTOR AVERAGE	1115	1411	1697	-	4.6	2.6

Int Capital Growth						
Jupiter Primadona Growth	1512	2929	3300	-21	7.3	1.1
RIT Capital Partners	1213	1631	1989	16	5.1	0.8
Foreign & Col Spec Util S	1203	1625	-	11	4.8	3.6
British Assets Growth	1187	1606	-	21	5.1	-
Henderson Electric and General	1169	1533	1849	8	5.1	1.6
SECTOR AVERAGE	1054	1382	1572	-	5.2	1.8

Int Income Growth						
British Assets	1199	1515	1485	13	5.3	5.0
Securities Trust of Scotland	1023	1322	1436	14	4.7	4.7
Murray International	1002	1223	1371	17	5.3	4.5
SECTOR AVERAGE	1077	1353	1431	-	5.1	4.7

Smaller Cos Int'l						
Henderson Strata	937	1331	1800	9	6.6	0.1
Herald	1177	1326	-	10	6.5	0.6
Henderson Smaller Companies	973	1121	1271	19	5.7	2.3
Mid Wynd International	915	1053	1213	25	4.2	2.6
Foreign & Col Small Cos	985	1032	1106	20	4.7	2.3
SECTOR AVERAGE	897	1029	1331	-	6.1	2.0

UK General						
Fleming Claverhouse	1143	1876	2214	-4	5.0	2.1
Mercury Keystone	1152	1576	2284	-5	5.1	2.5
Foreign & Col Spec Util Units	1156	1573	1780	11	4.2	4.0
Edinburgh UK Tracker	1143	1534	1946	0	4.7	2.8
Investors Capital Growth	1128	1520	-	21	5.8	-
SECTOR AVERAGE	1108	1456	1816	-	4.6	3.3

UK Capital Growth						
Ivory & Sime ISIS	1078	1679	1559	20	5.2	-
Legal & General Recovery	1072	1373	-	17	4.4	2.5
Broadgate	1124	1359	1607	18	4.6	1.6
Fidelity Special Values	896	1210	-	13	5.3	1.9
Undervalued Assets	930	1196	-	19	5.0	2.3
SECTOR AVERAGE	1020	1274	1456	-	4.9	2.1

UK Inc Gth	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Fleming Income & Capital Units	1284	1703	1846	1	3.1	4.8
Gartmore Brit Inc & Gth Units	1221	1631	-	-	3.3	3.8
Dunedin Income Growth	1244	1621	1872	8	4.9	3.5
Merchants	1235	1590	1775	5	5.1	4.7
Guinness Flight Extra Inc Unit	1194	1558	-	-	-	3.9
SECTOR AVERAGE	1112	1383	1659	-	4.5	4.7

Smaller Cos UK						
Eaglet	1057	1285	1248	16	5.7	1.5
Gartmore Smaller Companies	886	1225	1573	16	6.9	2.8
Ivory & Sime UK Small Cos	883	1202	1552	21	6.8	3.1
Fleming Mercantile	885	1195	1271	17	5.7	4.3
Shires Smaller Companies	953	1142	1207	16	6.1	5.8
SECTOR AVERAGE	873	1022	1205	-	5.8	3.1

High Income						
Aberdeen High Income	1650	1958	-	-9	6.0	8.7
Shires Income	1347	1845	1952	-1	5.1	5.6
Glasgow Income	1214	1765	1763	6	5.1	5.3
Dartmoor	1407	1707	2257	-15	3.9	10.1
Aberdeen Convertible Income	1175	1643	1326	-6	5.5	8.0
SECTOR AVERAGE	1262	1606	1743	-	5.0	6.8

Venture & Devt Cap						
Foreign & Col Enterprise	1505	3150	4187	5	6.5	1.9
Candover	1153	1798	3100	-1	7.1	3.7
Mercury Grosvenor	1117	1698	1666	28	4.2	3.0
NatWest Enterprise	1105	1585	2059	16	2.6	2.5
Thompson Clive	1077	1580	2319	25	5.9	1.3
SECTOR AVERAGE	1045	1447	2022	-	5.0	3.3

North America						
Fleming American	1060	1906	1886	13	5.1	0.5
Edinburgh US Tracker	1229	1875	2040	8	5.2	1.4
US Smaller Companies	1097	1409	1698	14	6.8	-
North Atlantic Small Cos	806	1192	1866	20	5.4	-
Foreign & Col US Small Co	1017	1191	1412	16	5.9	-
SECTOR AVERAGE	939	1382	1665	-	6.2	1.3

Europe						
Henderson EuroTrust Units	1431	2169	2143	2	6.2	1.0
Perpetual European	1466	2060	2063	4	7.0	0.5
TR European Growth	1160	2047	3208	-1	6.9	0.2
Charter European	1295	1905	2369	10	6.2	1.7
Gartmore European	1354	1859	2365	1	6.6	0.5
SECTOR AVERAGE	1261	1764	2074	-	6.5	0.8

Japan	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Baillie Gifford Japan	1024	664	668	11	6.7	-
GT Japan	889	618	612	14	6.3	-
Schroder Japan Growth Fnd	1020	591	-	11	8.4	-
Fleming Japanese	1005	539	634	14	7.2	-
Edinburgh Japan	883	572	598	17	6.6	-
SECTOR AVERAGE	922	491	504	-	7.9	-

Far East inc Japan						
Henderson Far East Income	939	744	768	11	7.9	8.5
Martin Currie Pacific	851	717	758	17	7.7	2.8
Foreign & Col Pacific	975	667	772	17	7.3	2.3
SECTOR AVERAGE	922	709	766	-	7.7	4.5

Far East exc Japan, General						
Hambros Smaller Asian Cos	819	551	-	19	12.6	0.7
Pacific Horizon	787	538	534	26	10.9	5.0
Henderson TR Pacific	893	516	593	14	9.9	0.6
Aberdeen New Dawn	807	501	482	21	8.7	2.2
Edinburgh Dragon	831	487	492	18	8.5	-
SECTOR AVERAGE	765	453	428	-	10.2	1.7

Far East exc Japan, Single Country						
New Zealand	627	513	687	14	7.9	4.6
Aberdeen New Thai	969	352	357	2	9.1	3.8
Siam Selective Growth	743	285	276	21	10.6	-
INVESCO Korea	975	277	281	19	14.9	-
Edinburgh Java	422	234	147	12	13.4	-
SECTOR AVERAGE	784	332	350	-	11.2	3.8

Emerging Markets						
Baring Emerging Europe	885	1925	-	24	12.8	-
Scudder Latin America	829	1121	-	20	11.2	1.0
Central Europe Growth Fnd	651	950	-	24	11.5	-
Morgan Grenfell Latin American	680	930	-	23	11.0	1.2
Templeton Latin American	676	926	-	25	11.7	0.9
SECTOR AVERAGE	653	781	546	-	11.2	1.4

Closed End Funds						
Capital Gearing	1084	1583	1790	2	2.7	0.1
Exeter Preferred Capital	1343	1557	1545	25	6.3	-
INVESCO City & Commercial	1087	1384	1303	13	5.6	5.1
London & St Lawrence	1109	1153	1399	20	3.2	4.9
Investment Tst of Inv Trusts	1005	1096	-	16	4.4	-
SECTOR AVERAGE	1097	1295	1444	-	4.6	2.8

Property	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
TR Property	884	1496	1197	19	5.3	3.7
French Property	1264	1454	1307	26	5.3	2.1
Wigmore Property	871	1319	-	24	6.3	1.2
Trust of Property Shares	695	869	638	16	6.2	4.9
SECTOR AVERAGE	928	1284	1047	-	5.8	3.0

Split - Capital						
Jove Cap	2786	4276	4167	35	23.3	-
Fulcrum Cap	1492	2622	2205	20	12.8	-
Henderson American C&I Cap	1238	2145	2242	9	4.9	-
Fleming Income & Growth Cap	1244	2119	2355	23	8.5	-
Framlington Dual Cap	992	2112	-	15	20.1	-
SECTOR AVERAGE	1262	1829	2055	-	9.5	1.3

Split - Inc & Residual Cap Shares						
Johnson Fry Utilities	2215	3259	3380	29	10.2	5.3
Johnson Fry European Utilities	1735	2752	-	21	9.0	3.7
Henderson EuroTrust	1484	2467	2310	10	8.6	1.3
SR Pan-European	988	2066	-	18	8.7	1.9
Edinburgh Income	1402	2035	1621	15	8.2	9.3
SECTOR AVERAGE	1226	1676	1727	-	8.0	9.1

Split - Income						
Rights & Issues Inc	1381	2150	3154	-	5.6	6.2
M&G Recovery Inc	1539	1787	1798	-	5.8	30.6
Jove Inc	1230	1762	1848	-	3.4	11.4
Jupiter Geared Inc	1234	1638	1570	-	3.5	11.4
Foreign & Col Spec Util Inc	1157	1537	1503	-	3.5	8.7
SECTOR AVERAGE	1204	1432	1535	-	3.8	16.9

Split - Zero Dividend						
Gartmore Shared Eq Junior Zero	1113	1426	-	-	1.6	-
Exeter Preferred Capital Zero	1124	1405	1552	-	1.3	-
Johnson Fry European Util Zero	1137	1404	-	-	1.8	-
Henderson Geared Inc&Gth Zero	1142	1373	-	-	1.9	-
Henderson EuroTrust Zero	1100	1337	1533	-	1.8	-
SECTOR AVERAGE	1086	1269	1445	-	1.5	-

Unit trust results allow for the spread between buying and selling prices and assume net income reinvested. Investment trust results are calculated on mid-market prices with net income reinvested. Volatility shows the standard deviation of monthly price movements for each fund over the past 3 years. A fund's standard deviation describes the way these movements are dispersed around its average and is a common measure of volatility. A low standard deviation means the monthly returns for a given fund show little variation and the volatility is relatively low. A high figure represents a more volatile performance. Yields are gross. Bank index refers to Lloyds Bank 90-day monthly account and relates to an investment of £10,000. Building Society figure relates to Halifax savings account holding less than £10,000. Investment trust discounts relate share prices to net asset value. A negative figure indicates the shares are at a premium to net asset value. Discounts/premiums are calculated on underlying net asset values supplied by BT Alex Brown International. *Currently in voluntary liquidation.

OPEN-ENDED INVESTMENT COMPANY LAUNCHES

Manager (Telephone)	Sector	Target Yield %	PEP avail.	Savings Schemes avail.	Share class	Charges outside PEP Initial %	Annual %	Other %	Charges inside PEP Initial %	Annual %	Other %	Minimum Invst. £	Special offer Discount %	Period
International Equity Growth Fund: Standard Life														
0800-333353	Intl Growth	n/a	No	Yes	Retail*	3.5	1.5	No	n/a	n/a	n/a	500	n/a	n/a
This new sub-fund of Standard Life's oeic invests internationally with some exposure to emerging markets.														
European Equity Growth Fund: Standard Life														
0800-333353	Europe	n/a	Yes	Yes	Retail*	3.5	1.5	No	3.5	1.5	No	500	n/a	n/a
This fund invests primarily in euro-zone countries but can also put money into the smaller markets of eastern Europe.														
American Equity Growth Fund: Standard Life														
0800-333353	North America	n/a	No	Yes	Retail*	3.5	1.5	No	n/a	n/a	n/a	500	n/a	n/a
Mainly invested in the US, this fund will have some Canadian exposure and may also buy Latin American stocks.														
Japanese Equity Growth Fund: Standard Life														
0800-333353	Japan	n/a	No	Yes	Retail*	3.5	1.5	No	n/a	n/a	n/a	500	n/a	n/a
As with all these new funds Standard Life is seeding the Japan fund with £5m of its own money to absorb initial dealing costs.														
Asian Pacific Growth Fund: Standard Life														
0800-333353	Far east ex-Japan	n/a	No	Yes	Retail*	3.5	1.5	No	n/a	n/a	n/a	500	n/a	n/a
"Asia" and "growth" are brave words for a new fund, but the managers hope to attract investors to the Pacific rim and south Asian markets such as India.														

UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	PEP avail.	Savings Schemes avail.	Charges outside PEP Initial %	Annual %	Other %	Minimum Invst. £	Charges inside PEP Initial %	Annual %	Other %	Minimum Invst. £	Special offer Discount %	Period
Fixed Interest Fund														
Exeter (0800-807807)	UK other fixed int	6.52	Yes	No	4	1.2	No	1,000	4	1.2	No	1,000	1%	10/11/98-31/11/98
Half will be invested in UK and European corporate bonds, but the rest will be exposed to some equity risk, through income, preference and convertible shares. Charges to be taken from capital.														
Money Market Fund														
Exeter (0800-807807)	Money Market	6.5	No	No	0	0.5	No	1,000	n/a	n/a	n/a	n/a	No	No
Exeter's cash solution for the individual savings account. Cash funds such as this cannot be Pepped but will be eligible for an Isa.														

Note: "All the Standard Life sub-funds have an institutional share class with a £250,000 minimum investment and a 0.5 per cent annual fee. This class of shares has no initial charge.

هكذا من الاصل

صكنا من الاهل

Authorised Investment Funds

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

AUTHORISED INVESTMENT FUNDS -

Unit Trusts and OEICs

(Open-ended investment companies).

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
ABN AMRO Fund Managers Ltd (0800)F						
UK Growth	5		313.77	333.79	+2.73	1.08
Global Growth	5		97.04	103.23	+0.62	0.92
Growth & Income	5	C	221.2xd	235.49	+1.65	2.81
Equity Income	5	C	144.77	153.20	+0.34	4.54
High Income	5	C	55.28	58.81	+0.03	7.80
AIB Govett Unit Trusts Limited (1000)F						
[illegible]						
APAM Unit Trust Managers Limited (1200)F						
Artemis UK Growth	0		94.28	95.42		0.85
Artemis Smaller Cos	0		87.30	91.50		1.81
AXA Sun Life Fund Managers Ltd (1400)F						
[illegible]						
Abbey National Unit Trust Managers Ltd (1200)F						
[illegible]						
Abbey Unit Tst Mngrs (1000)F						
[illegible]						
Aberdeen Prolific Unit Trust Mgrs Ltd (1200)F						
[illegible]						
Aberforth Unit Trust Managers Ltd (1030)F						
UK Small Cos	0		2229	2345		
Abrays Unit Trust Managers Ltd (1200)F						
Residential Prop Inc	5½	C	109.30	116.80	+0.40	5.5
Residential Prop Acc	5½	C	108.90	116.09	+0.40	3.5
Allchurches Inv Mgmt Servs Ltd (1200)F						
[illegible]						
Alliance & Leicester UT Mgrs Ltd (1200)F						
[illegible]						
B & C E Unit Trust Mngmt Ltd (1600)F						
[illegible]						
BWD Rensburg Unit Trust Managers (1400)F						
[illegible]						
Baillie Gifford & Co Ltd (1400)F						
[illegible]						
Bank of Ireland Fund Mgrs Ltd (1200)F						
[illegible]						
Barclays Funds Limited (1000)F						
[illegible]						
Baring Fund Managers Ltd (1200)H						
[illegible]						
Blackstone Franks UT Mngrs Ltd (0900)F						
[illegible]						
Britannia Fund Managers Ltd (1000)F						
[illegible]						
Burrage Unit Tst Mangmt Ltd (0900)F						
[illegible]						
CGU Trust Managers Ltd (1200)F						
[illegible]						
CIM Unit Trust Managers Ltd (1000)F						
[illegible]						
CIS Unit Managers Ltd (1000)F						
[illegible]						
Canada Life Management (UK) Ltd (1200)F						
[illegible]						
Capel-Cure Myers UT Mngt Ltd (1200)F						
[illegible]						
Cavendish Unit Managers Limited (1700)F						
[illegible]						
Cazenove Unit Trust Mngmt Ltd (1600)F						
[illegible]						
City Financial Managers (1000)F						
[illegible]						
City of London Unit Tst Mgrs Ltd (1000)F						
[illegible]						
Clerical Medical Unit Tst Mgrs Ltd (1200)F						
[illegible]						
Close Fund Management Ltd (1030)F						
[illegible]						
Colonial Unit Trusts (UK) Ltd (1200)F						
[illegible]						
Consistent Unit Tst Mngt Co Ltd (1200)F						
Consistent UT	5		44.79	47.79		2.78
Consistent UT Acc	5		55.16	58.85		2.78
Henry Cooke Investment Funds Ltd (1400)F						
[illegible]						
Credit Suisse Asst Mgt Fds (UK) Ltd (1200)F						
[illegible]						
Dimensional Tst Mangmt Ltd (0900)F						
Global Small Cos	0		111.49	111.74		0.37
UK Small Cos	0		798.20	812.64		0.88
Direct Line Unit Trusts Ltd (1630)F						
FTSE 100 Tracker	0	E	165.0	165.0	+3.50	2.33
Discretionary Unit Fund Mngrs (1000)F						
Disc Inc Nov 20	3		269.2xd	277.6		2.81
Do Accum Nov 20	3		691.3xd	712.7		2.81
Dresdner RCM Funds (UK) Ltd (1200)F						
[illegible]						
Duncan Lawrie Unit Management Ltd (0900)F						
Smaller Companies	5½		83.92xd	87.82	+0.44	
Eagle Star Unit Mngrs Ltd (1000)F						
[illegible]						
Edinburgh Unit Tst Mngrs Ltd (1400)F						
[illegible]						
Endurance Fund Management Ltd (0905)F						
Endurance Fd	5		258.1	272.4		1.35
Equitable Unit Trust Managers Ltd (1600)F						
[illegible]						
Exeter Fund Managers Ltd (1000)F						
[illegible]						
Fairbairn Fund Managers Ltd (1200)F						
[illegible]						
Family Investment Mngmt Ltd (1000)F						
[illegible]						
Fidelity Investment Servs Ltd (1200)F						
[illegible]						
Fleming Private Fund Mngt Ltd (1200)F						
[illegible]						
Fleming Unit Trust Management Ltd (1200)F						
[illegible]						
Foreign & Colonial Unit Mgt (1200)F						
[illegible]						
Framlington Unit Mngt Ltd (1200)F						
[illegible]						
Friends Provident Unit Trusts (1000)F						
[illegible]						
GA Unit Trust Mngrs Ltd (0900)H						
[illegible]						
GT Global Fund Management Ltd (1000)F						
[illegible]						
Gartmore Fund Managers (1200)F						
[illegible]						
Global Asset Management (2300)F						
[illegible]						
Govett Unit Trust Management Ltd (1400)F						
UK Growth	5		109.33	114.60	+2.73	1.50
UK Small Companies	5		101.20	106.10	+0.19	0.00
Guardian Unit Managers Ltd (1600)F						
[illegible]						
HSBC Unit Trust Management Ltd (1200)F						
[illegible]						
Halifax Unit Trust Management Ltd (1400)F						
[illegible]						
Hambros Unit Trust Managers Ltd (1400)F						
[illegible]						
Hargreaves Lansdown Fd Mngrs Ltd (1000)F						
[illegible]						
Henderson Investors (1200)F						
[illegible]						
Hill Samuel Unit Tst Mgrs (1200)F						
[illegible]						
Homeowners Unit Trust Mngrs Ltd (1200)F						
[illegible]						
INVESCO Fund Managers Ltd (1200)F						
[illegible]						
Investec Guinness Flight Fund Mngrs Ltd (1200)F						
[illegible]						
Johnson Fry Unit Trust Mgrs Ltd (1000)F						
[illegible]						
Jupiter Unit Trust Managers Ltd (1400)F						
[illegible]						
Kleinwort Benson Unit Trusts Ltd (1200)F						
[illegible]						
Laurence Keen Unit Trust Mngmt (1300)F						
[illegible]						
Lazard Unit Tst Mngrs Ltd (1200)F						
[illegible]						
Legal & General (U.T. Mgrs) Ltd (1200)F						
[illegible]						
Lincoln Unit Trust Managers Ltd (1200)F						
[illegible]						
Lloyds TSB Unit Trusts (1400)F						
[illegible]						
Lombard Odier Unit Trust Mgrs Ltd (1000)F						
LO Global Balanced Trust	5		127.34	135.17		
London & Manchester Tst Mgmt (1000)H						
[illegible]						
M & G Securities (1330)F						
[illegible]						
MGM Unit Managers Ltd (1000)F						
[illegible]						
MPFS Unit Trust Management Ltd (1200)F						
[illegible]						
MT Unit Trust Managers Ltd						
[illegible]						
MW Joint Investors Ltd (1000)F						
[illegible]						
Maldon Unit Trust Managers Ltd (1400)F						
[illegible]						
Manek Investment Management Ltd (1000)F						
[illegible]						
Marks & Spencer Unit Trust Ltd (1400)F						
[illegible]						
Marlborough Fund Managers Ltd (1000)F						
[illegible]						
Martin Currie Unit Trusts Ltd (1200)F						
[illegible]						
Matheson Unit Trusts Ltd (0900)F						
[illegible]						
Mayflower Mngmt Company Ltd (1200)F						
[illegible]						
Mercury Fund Managers Ltd (1000)H						
[illegible]						
Midland Unit Trust Management Ltd (1200)F						
[illegible]						
Morgan Grenfell Invest Fds Ltd (1200)F						
[illegible]						

* Yield expressed as CAR (Compound Annual Return)

OFEX FACILITY

OFEX is an unregulated trading facility for share dealing in unquoted companies which is operated by J P Jenkins Limited in association with Newstrack Limited, a sister company.

The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk investments. Private investors must deal through a stockbroker which is regulated by the Securities and Futures Authority.

Company	Mid price	Day's change	Market Cap(£m)	1998 High	1998 Low
Aberdeen Steak Houses Grp	67.5		7.96	67.5	65.5
Adnams & Co "B" Ord	4100		117.20	4700	4100
Advance Digital Comms PLC	9		3.15	33.5	9
Advanced Fluid Systems	87.5		3.87	120	87.5
Advanced Media Grp PLC	15		[illegible]	[illegible]	[illegible]
Advanced Technology (UK)	89.5	-4	[illegible]	[illegible]	[illegible]
African Carnage Ord	[illegible]		[illegible]	[illegible]	[illegible]
African Gold Resources Ltd	[illegible]		[illegible]	[illegible]	[illegible]
Aidel ATM PLC	[illegible]	+1	[illegible]	[illegible]	[illegible]
American Telecom PLC	300		[illegible]	[illegible]	[illegible]
Anglo Swiss Asset Mgt Hdg	107.5		[illegible]	[illegible]	[illegible]
Applas Traffic Tech. plc	[illegible]		[illegible]	[illegible]	[illegible]
Ashbrooke Hldgs (UK) PLC*	[illegible]		[illegible]	[illegible]	[illegible]
Arsenal F.C. PLC	28000		[illegible]	[illegible]	[illegible]
Assured Care Centres PLC	[illegible]		[illegible]	[illegible]	[illegible]
Barder Communications*	[illegible]		[illegible]	[illegible]	[illegible]
BioFocus PLC*	[illegible]		[illegible]	[illegible]	[illegible]
Bioscience Innovation	[illegible]		[illegible]	[illegible]	[illegible]
Bradford City Hldgs Ltd	[illegible]	+10	[illegible]	[illegible]	[illegible]
Bristol & West Invs PLC	[illegible]		[illegible]	[illegible]	[illegible]
Britannic Group PLC*	[illegible]		[illegible]	[illegible]	[illegible]
Bushwell Alloys Ltd	[illegible]		[illegible]	[illegible]	[illegible]
California Wine Co (The)	[illegible]		[illegible]	[illegible]	[illegible]
CAMCO Corp. Plc	[illegible]		[illegible]	[illegible]	[illegible]
Cardington PLC	[illegible]	+1	[illegible]	[illegible]	[illegible]
Chorion Leisure B Ord	[illegible]		[illegible]	[illegible]	[illegible]
Clarastech Holdings PLC	[illegible]		[illegible]	[illegible]	[illegible]
Clipper Ventures PLC	[illegible]		[illegible]	[illegible]	[illegible]
Clyde Shipping Co. Ltd	[illegible]		[illegible]	[illegible]	[illegible]
Conroy Diamonds & Gld PLC	[illegible]		[illegible]	[illegible]	[illegible]
Coronation Intnl Mining	[illegible]		[illegible]	[illegible]	[illegible]
Corporate Resolve PLC	[illegible]		[illegible]	[illegible]	[illegible]
Country & Metropolitan	[illegible]		[illegible]	[illegible]	[illegible]
Crystal Props & Leisure	[illegible]		[illegible]	[illegible]	[illegible]
Direct Network Publishing	[illegible]		[illegible]	[illegible]	[illegible]
Distinctive Leisure PLC	[illegible]		[illegible]	[illegible]	[illegible]
Electronic Fundraising Co	[illegible]		[illegible]	[illegible]	[illegible]
Elite Sports Assoc PLC	[illegible]		[illegible]	[illegible]	[illegible]
Endeavour Technologies	[illegible]		[illegible]	[illegible]	[illegible]
Environmental Polymers Gp	[illegible]		[illegible]	[illegible]	[illegible]
Fastbold Resources PLC	[illegible]		[illegible]	[illegible]	[illegible]
Fit Stop PLC	[illegible]		[illegible]	[illegible]	[illegible]
Gaskeldom Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Genus PLC	[illegible]		[illegible]	[illegible]	[illegible]
Global Communications Grp	[illegible]		[illegible]	[illegible]	[illegible]
Golden Prospect Mng Co.	[illegible]		[illegible]	[illegible]	[illegible]
GPA Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Granada Shipping PLC	[illegible]		[illegible]	[illegible]	[illegible]
Greyfox PLC	[illegible]		[illegible]	[illegible]	[illegible]
Hampshire Company PLC	[illegible]		[illegible]	[illegible]	[illegible]
Happy Hours Corp. PLC	[illegible]		[illegible]	[illegible]	[illegible]
Harland Simon PLC	[illegible]		[illegible]	[illegible]	[illegible]
Health Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Hearing Enhancement PLC*	[illegible]		[illegible]	[illegible]	[illegible]
Henry Cooke Group PLC	[illegible]	-3	[illegible]	[illegible]	[illegible]
Holding Co Retail (The) PL	[illegible]		[illegible]	[illegible]	[illegible]
Hydro Hotel, E'bourne PLC	[illegible]		[illegible]	[illegible]	[illegible]
Indigo Inple PLC	[illegible]		[illegible]	[illegible]	[illegible]
Insinc Holdings PLC	[illegible]		[illegible]	[illegible]	[illegible]
IMVS.com plc	[illegible]		[illegible]	[illegible]	[illegible]
Irish Marine Oil PLC	[illegible]		[illegible]	[illegible]	[illegible]
K-tec PLC	[illegible]		[illegible]	[illegible]	[illegible]
Kensington PLC	[illegible]		[illegible]	[illegible]	[illegible]
Key 2 Plc	8		[illegible]	[illegible]	[illegible]
Kiotech Intnl PLC	[illegible]		[illegible]	[illegible]	[illegible]
Lion Publishing PLC	[illegible]		[illegible]	[illegible]	[illegible]
LokInStore Ltd	[illegible]		[illegible]	[illegible]	[illegible]
M.A.N. PLC	[illegible]		[illegible]	[illegible]	[illegible]
Millennium plc	[illegible]		[illegible]	[illegible]	[illegible]
MMI Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Montana PLC	[illegible]		[illegible]	[illegible]	[illegible]
Morgan Holdings PLC	[illegible]		[illegible]	[illegible]	[illegible]
Motion Media PLC	[illegible]		[illegible]	[illegible]	[illegible]
Mutual Systems Ltd	[illegible]		[illegible]	[illegible]	[illegible]
Nettec PLC	[illegible]		[illegible]	[illegible]	[illegible]
Newbury Racecourse PLC	[illegible]		[illegible]	[illegible]	[illegible]
Oasis Healthcare PLC	[illegible]		[illegible]	[illegible]	[illegible]
OMG Limited	[illegible]		[illegible]	[illegible]	[illegible]
Partedia Projects PLC	[illegible]		[illegible]	[illegible]	[illegible]
Party People Movers Ltd	[illegible]		[illegible]	[illegible]	[illegible]
Pearl Resources PLC	[illegible]		[illegible]	[illegible]	[illegible]
Pickquick PLC	[illegible]		[illegible]	[illegible]	[illegible]
Po Na Na Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Prel.Enterprise Grp PLC	[illegible]		[illegible]	[illegible]	[illegible]
Premenet Information*	[illegible]		[illegible]	[illegible]	[illegible]
Rangers FC PLC	[illegible]		[illegible]	[illegible]	[illegible]
Reliance PLC	[illegible]		[illegible]	[illegible]	[illegible]
REX PLC	[illegible]		[illegible]	[illegible]	[illegible]
Ritz Music Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Robotic Technology Sys.	[illegible]	+1	[illegible]	[illegible]	[illegible]
Rockbrook Holdings PLC	[illegible]		[illegible]	[illegible]	[illegible]
Rosslyn Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Saltmills Petroleum PLC	[illegible]		[illegible]	[illegible]	[illegible]
Sanctuary Leisure PLC	[illegible]		[illegible]	[illegible]	[illegible]
Scarebrick Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Secured Property Devs PLC	[illegible]		[illegible]	[illegible]	[illegible]
Shepherd Neame Ltd	[illegible]		[illegible]	[illegible]	[illegible]
Slago PLC	[illegible]		[illegible]	[illegible]	[illegible]
Silicon Valley PLC	[illegible]		[illegible]	[illegible]	[illegible]
Sound & Vision Grp PLC	[illegible]		[illegible]	[illegible]	[illegible]
Rapo Works PLC	[illegible]		[illegible]	[illegible]	[illegible]
Spectrum Technologies PLC	[illegible]		[illegible]	[illegible]	[illegible]
Spring Grove Property	[illegible]		[illegible]	[illegible]	[illegible]
SSR Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Staffing Company Grp PLC	[illegible]		[illegible]	[illegible]	[illegible]
STE Holdings PLC	[illegible]		[illegible]	[illegible]	[illegible]
Sweet Sale Corp PLC	[illegible]		[illegible]	[illegible]	[illegible]
Tabox Group (The) PLC	[illegible]		[illegible]	[illegible]	[illegible]
Telecom Plus PLC	[illegible]	-1	[illegible]	[illegible]	[illegible]
Telford Tigers Ice Hockey	[illegible]		[illegible]	[illegible]	[illegible]
Text 100 Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Thwaites (Daniel) PLC	[illegible]		[illegible]	[illegible]	[illegible]
Thompson Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Transense Technologies	[illegible]		[illegible]	[illegible]	[illegible]
Unicorn Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
United Business Grp PLC	[illegible]		[illegible]	[illegible]	[illegible]
Vertical Holdings PLC	[illegible]		[illegible]	[illegible]	[illegible]
Weetable Ltd ("A" Ord)	[illegible]		[illegible]	[illegible]	[illegible]
Wellington Market Co PLC*	[illegible]		[illegible]	[illegible]	[illegible]
Wheeler Scaffolding Grp	[illegible]		[illegible]	[illegible]	[illegible]
Wiltshire Tea Hdgs PLC	[illegible]	-20	[illegible]	[illegible]	[illegible]
www.travel-uk.com PLC	[illegible]		[illegible]	[illegible]	[illegible]
Wyevale & Chard Frnts PLC	[illegible]		[illegible]	[illegible]	[illegible]
XMed Group PLC	[illegible]		[illegible]	[illegible]	[illegible]
Zappa Oil & Gas Ltd	[illegible]		[illegible]	[illegible]	[illegible]
Zetlon Securities PLC	[illegible]		[illegible]	[illegible]	[illegible]
Zinc Corporation PLC	[illegible]		[illegible]	[illegible]	[illegible]

Prices as at 4.45 pm 20 November 1998

* Other classes of share available

PLEASE NOTE THAT BY CHOICE NOT ALL OFEX-TRADED COMPANIES ARE REPRESENTED IN THE ABOVE BOX. Please see information above. All price information is in pence. "A" denotes that Newstrack has published an announcement on behalf of that particular OFEX company today. "D" denotes that the company is engaged in a takeover situation. "S" denotes that a particular company is currently suspended and the market makers at J P Jenkins Ltd are therefore completing a price in the stock at the present time. "XC", "XD" & "XR" denote the usual stock events. PLEASE NOTE: the "high" and "low" figures are calculated from 01/01/98 and take account of any subsequent capital restructuring (eg bonus issue/split/rights issue). OFEX is a registered trademark of S J & S Holdings Ltd, the parent company to J P Jenkins Ltd. The latter is a London Stock Exchange member firm and as such regulated by the Securities and Futures Authority Limited. For further information about OFEX please contact the Newstrack offices on tel: 0171 489 3334 or look at our web site which can be found at http://www.ofex.co.uk. Additional data & news also available in the OFX MONTHLY REVIEW. Price information cannot be given out on the telephone - private investors must use their stockbroker. Prices quoted in this advertisement have been provided by J P Jenkins Ltd.

EASDAQ

The EASDAQ All Share Index (EASI) for 20th November: 768.32 up 2.72%. Day's high: 788.10 Day's low: 742.07

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members.

Company	Mid price	Change on day	Volume	High	Low
4Front Technologies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ActivCard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algol	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Artwork Systems	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Autonomy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemunex	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
City Bird	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dobrogea Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EVAP TMS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EPIQ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Esat Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ESPACE PROD. INT.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Esprit Telecom ADS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EVI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FLV Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Global Graphics	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Global TeleSystems	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Granger Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gruppo Formula	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICOS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Innogenetics	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Integ. Surg. Syst.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lernout & Hauspie	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mediasys Sparcs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Memory Corp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mercer Int'l	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NTL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Option Int'l	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Otbonda	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pardil Racing Syst.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pharming	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Porterox	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Olympic Cr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SS7 System Int.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Schoeller-Bleckmann	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Teltetra	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Topcall Int'l	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tobsdyne Technol.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prices for 20/11/98. Please note that mid prices are now used to calculate highs and lows. Information about EASDAQ can be found on the Web site at: http://www.easdaq.be. Annual/interim reports can be obtained for companies with a ♣. EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9990). For further details please see Share Price pages. Annual Reports Club telephone +44 181 770 0770.

Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AUTIF §§

All funds within this section, whether OEICs or unit trusts are authorised in the UK by the Financial Services Authority

The prices quoted should only be used as a guide

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Share Classes: Separate classes of share are denoted by a letter or number after the name of the fund. Different share classes are issued to reflect a different currency, charging structure or type of holder.

Initial charge: Charges made by a unit trust manager/operator to the buyer. Used to defray marketing and administrative costs, including commission paid to intermediaries. For unit trusts this charge is included in the buying price of units. For OEICs see "OEIC Single Price".

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

OEIC Single Price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC are the same. Manager's/operator's initial charges are shown separately.

Treatment of manager's periodic charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: The time shown alongside the fund manager's/operator's name is the time of the unit trust's/OEIC's valuation point unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

Pricing

Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time.

Forward pricing: The letter F denotes that the managers/operators deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators.

Scheme particulars, key features and reports: The most recent report, scheme particulars and key features document may be obtained free of charge from fund managers/operators.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds, 65 Kingsway, London, WC2B 6TD. Tel: 0171-831-0898.

The fund prices published in this edition are also available at the Financial Times' web site, http://www.FT.com.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Morgan Grenfell Invest Fds Ltd - Contd.

[illegible]

Morgan Stanley Dean Witter (1200)F

[illegible]

Murray Johnstone UT Mgmt (1900)F

7 West Nile St, Glasgow G1 2PX

[illegible]

NFU Mutual Unit Mngrs Ltd (1400)F

[illegible]

NPI Investment Managers (1200)H

48 Gracechurch St, EC3P 3HH

[illegible]

National Australia Trust Mgt Co Ltd (1900)F

[illegible]

Nationwide Unit Trust Managers Ltd (1200)F

[illegible]

NatWest Unit Trust Managers (1200)F

[illegible]

Newton Fund Mngrs Ltd (1200)F

[illegible]

Northern Rock Unit Trusts Ltd (0905)F

[illegible]

Norwich Union Tst Managers (1200)F

[illegible]

Old Mutual Fund Managers Ltd (1200)F

[illegible]

Old Mutual Fund Managers Ltd - Contd.

[illegible]

For PDFM Unit Mngrs see Phillips & Drew Unit Mngrs

Pearl Unit Trusts Ltd (1000)F

[illegible]

Perpetual Unit Trust Mngmt Ltd (1600)F

[illegible]

Phillips & Drew Unit Managers Ltd (1400)F

14 Finsbury Square, London EC2A 1PD

[illegible]

Pilgrim Unit Trust Mngmt Ltd (0830)F

[illegible]

Portfolio Fund Management Ltd (1200)F

[illegible]

Premier Portfolio Managers Ltd (1200)F

[illegible]

Principal Unit Trust Mngmt Ltd (1600)F

[illegible]

Prudential Unit Trusts Ltd (1200)F

[illegible]

Quilter Fund Management Ltd (1100)F

[illegible]

Reliance Unit Mgrs. Ltd (1000)F

[illegible]

River & Mercantile Inv Funds Ltd (1400)F

[illegible]

Rothschild Fund Management (1000)F

[illegible]

Royal & Sun Alliance UT Mgmt Ltd (1200)F

[illegible]

Royal Bank of Scotland UT Mgmt Ltd (1200)F

[illegible]

Royal London Unit Tst Mgrs Ltd (2200)F

[illegible]

St James's Place UT Group Ltd (1200)F

[illegible]

Saltire Private Fund Managers Ltd (0905)F

[illegible]

Sand Aire Unit Trust Managers Ltd (1000)F

[illegible]

Sanwa Asset Management (UK) Plc (1000)F

[illegible]

Sarasin Unit Trust Managers Ltd (1000)F

[illegible]

Save & Prosper Group (1200)F

16-22 Western Rd, Romford RM1 3LB

[illegible]

Schroder Unit Trusts Ltd (1400)F

[illegible]

Scottish Amicable Ut Tst Mgrs Ltd (0800)F

[illegible]

Scottish Equitable Fd Mgrs Ltd (1200)H

[illegible]

Scottish Life Investments (1200)F

[illegible]

Scottish Mutual Inv Mngrs Ltd (1200)H

[illegible]

Scottish Widows' Fund Mngmt (0800)H

[illegible]

Sharp (Albert E.) (1000)F

[illegible]

Singer & Friedlander UT Mngt Ltd (1000)F

[illegible]

Smith & Williamson Unit Tst Mgrs (1700)F

[illegible]

Societe Generale Unit Trusts Limited (1200)F

[illegible]

Sovereign Unit Tst Mngrs Ltd (1200)F

[illegible]

Standard Life Investments Ltd (0730)F

[illegible]

Standard Life Investments Ltd - Contd.

[illegible]

State Street Unit Trust Mngmt Ltd (1400)F

[illegible]

Stewart Ivory Unit Tst Mgrs Ltd (1200)F

[illegible]

Sun Life of Canada Unit Mgrs Ltd (1200)F

[illegible]

For Sun Life see AXA Sun Life Fd Mngrs Ltd

33 KWS (1600)F

[illegible]

For TSB Unit Tsts see Lloyds TSB Unit Tsts

T.U. Fund Managers Limited (1200)F

[illegible]

Taube Hodson Stonex Ptnrs UT (1200)F

[illegible]

Templeton Investment Mgmt Ltd (2100)F

[illegible]

Thesis Unit Trust Management Limited

[illegible]

Thornhill Unit Trust Mgrs Ltd (1400)F

[illegible]

Threadneedle Investments (1200)F

[illegible]

Threadneedle Investments - Contd.

[illegible]

Tilney Unit Trust Management Ltd (1000)F

[illegible]

United Friendly Unit Tst Mngrs Ltd (1200)F

[illegible]

Virgin Direct PFS Ltd (1700)F

[illegible]

Western Unit Trust Managers Ltd (1200)F

[illegible]

Whittingdale Unit Tst Mgmt Ltd (0830)F

[illegible]

Woolwich Unit Trust Managers Ltd (1700)H

[illegible]

CANCER HITS 1 IN 3.

GIVE YOUR WORKFORCE A CHANCE TO FIGHT BACK.

It is a fact that one third of the people in the UK will get cancer at some point in their lives. Cancer touches the lives of every one – employer and employees alike. Join the Macmillan Nurses in the fight. Telephone 0181 222 7706, or cut out this ad and return it to: Corporate Development Manager, Macmillan Cancer Relief, 3 Angel Walk, London W6 9HX.

Name ____________

Company Name ____________

Telephone ____________

Registered charity number 261017

Macmillan cancer relief

OTHER UK UNIT TRUSTS

AIB Govett Unit Trust Ltd

[illegible]

Aberdeen Unit Trust Managers Limited

[illegible]

Baring Fund Managers Ltd

[illegible]

CAF – Charity Money Management

[illegible]

CBF Church of England Funds

[illegible]

CIN Unit Trust Management Ltd

[illegible]

Cazenove Unit Trust Management Limited

[illegible]

Charlgard CIF Funds

[illegible]

Charlaco/Charishare (1000)F

[illegible]

COIF Charity Funds

[illegible]

Charity Fixed Int Fd/Charity Equity Fd

[illegible]

Edinburgh Fund Mngrs PLC

[illegible]

Ely Place Investments Ltd

[illegible]

Fidelity Investment Services Ltd

[illegible]

Fledgeling Charity Portfolio

[illegible]

Foreign & Colonial Unit Management Ltd

[illegible]

Funds in Court*

[illegible]

Glasgow Investment Managers Ltd

[illegible]

Global Asset Management

[illegible]

Guinness Flight Exempt Investment Funds

[illegible]

HSBC Asset Management Europe Ltd

[illegible]

Henderson Investors

[illegible]

INVESCO Fund Managers Ltd

[illegible]

For Jupiter see Authorised Investment Funds

Lazard Unit Trust Managers Ltd

[illegible]

Local Authorities Mutual Invest. Tst.*

[illegible]

M & G Securities Ltd

[illegible]

Morgan Grenfell Investment Funds Ltd

[illegible]

Morgan Stanley International

[illegible]

Murray Johnstone UT Mngmt

[illegible]

NatWest Investment Management Ltd

[illegible]

For PDFM Unit Mngrs see Phillips & Drew Unit Mngrs

Phillips & Drew Unit Managers Ltd

[illegible]

J. Rothschild Fund Managers Ltd

[illegible]

Schroder Unit Trusts Limited

[illegible]

Stewart Ivory & Co Ltd

[illegible]

Templeton Investment Management Ltd

[illegible]

PROPERTY UNIT TRUSTS

Falcon Property Unit Trust

[illegible]

Hanover Property Unit Trust

[illegible]

Henderson Property Fund

[illegible]

Hill Samuel Property Unit Trust

[illegible]

Langbourn Property Unit Trust

[illegible]

Lazard Brothers & Co., Limited

[illegible]

Lionbrook Property Partnership

[illegible]

Local Authorities Property Fund (LAMIT)

[illegible]

Morgan Grenfell Property Funds

[illegible]

Schroder Exempt PUT

[illegible]

● PROPERTY UNIT TRUST NOTES

These trusts, with the exception of Henderson and Morgan Grenfell, are limited to investors who are mixed revenue exempt.

All dealings are subject to individual Trust Deed rules.

INSURANCES

AXA Assurance

[illegible]

AXA Equity & Law Life Assce

[illegible]

Abbey Life Assurance Co Ltd

[illegible]

Abbey Life Assurance Co Ltd - Contd.

[illegible]

Abbey National Life Plc

[illegible]

AEGON Life Assurance Co (UK) Ltd

[illegible]

Alliance & Leicester Life Assurance Co Ltd

[illegible]

Allied Dunbar Assurance Plc

[illegible]

Barclays Life Assur. Co Ltd

[illegible]

For Black Horse Life see Lloyds TSB Life

Britannia

[illegible]

CGU

[illegible]

Canada Life

[illegible]

Canada Life - Contd.

[illegible]

Century Life Plc

[illegible]

Clerical Medical/Fidelity Investments

[illegible]

Clerical Medical Inv Group Ltd

[illegible]

Colonial

[illegible]

Commercial Union

[illegible]

Direct Line Life Insurance Company Limited

[illegible]

Eagle Star Life Assurance Co Ltd

[illegible]

Equitable Life Assurance Society

[illegible]

Eurolife Assurance Company Ltd

[illegible]

هكذا من الأصل

هكذا من الاصل

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Family Assurance Friendly Soc Ltd (x)

Halifax Life Ltd - Contd.

M & G Life and M & G Pensions

NPI - Contd.

Prudential Assurance Co

Prudential Corporate Pension Funds

Scottish Legal Life Assurance Society Ltd

Sterling Life Assurance Co Ltd - Contd.

Winterthur Life UK Limited

Homeowners Friendly Society Limited

Fleming Life Ltd

Friends Provident

Legal & General

Lloyds TSB Life

Liberty Pensions

Lincoln

Marks & Spencer Life Assurance Ltd

Merchant Investors Assurance Co Ltd

Manchester Unity Friendly Society

Mercury Life Assurance Co Ltd

MGM Assurance (x)

Norwich Union Life & Pensions Ltd

Old Mutual Life Assurance Co Ltd

Pearl Assurance (Unit Funds) Ltd

Phillips & Drew Life Limited

Prudential Life Assurance Co Ltd (x)

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Scottish Amicable

Scottish Mutual Assurance plc

Scottish Provident Institution

Sun Life Assurance Society Ltd

Teachers Assurance Company Ltd

Tesco Personal Financial Life Ltd

Tunbridge Wells Equitable

United Assurance Group

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

● NOTES

Gross: Gross rate of interest payable, not taking account of tax deduction of basic rate income tax.

Net: Rate of interest payable after allowing for deduction of basic rate income tax.

Gross CAR: Gross rate equivalent to take account of compounding of interest paid other than annually. "Compounded Annual Rate".

Int Cal: Frequency at which interest is credited to the account.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Fidelity Currency Funds Ltd
Pembroke Hall, Pembroke, Bermuda
[illegible]

Jupiter Asset Management (Bermuda) Ltd
PO Box HM1258, Hamilton, Bermuda 001 441 292 2780
Jupiter Tyndall World Umbrella Fund Ltd
[illegible]

Newport Investment Management
30 Reid St, PO Box HM 3386 Hamilton Bermuda
[illegible]

Orion Fund Limited
6 Front St, Hamilton, HM11, Bermuda HM 11441 292 8370
Orion (Sept) Oct 15 $27.86

BERMUDA (REGULATED)(**)

For Anchorad Capital see Offshore Others

Bermuda Intl Invest Mgmt Ltd
Anchor Intl Nov 17 $33.10 33.19 — 1.22
[illegible]

Butterfield Funds
[illegible]

Credit Lyonnais Rouse (Bermuda) Ltd
Systembond Ltd $15.509

Framlington Investment Mgmt (Bermuda) Ltd
Bulgaria Fd $7.54 0.00

Integral Management International Ltd
US Meridian $99.98

McKinley Offshore Management Ltd
[illegible] $119.67

Meditor Capital Management (Bermuda) Ltd
[illegible]

N.C.L. Investments Limited
Mid Ocean World Inv $90.82

Orbis Investment Management Ltd
[illegible]

Philo Smith & Co
[illegible]

StarVest Investment Funds
[illegible]

CAYMAN ISLANDS (REGULATED)(**)

Adelphi Europe Fund
[illegible]

Africa Emerging Markets Fund
NAV Oct 31 $11.60292

Allegro Capital Limited
[illegible]

Aloista Capital Management Ltd
[illegible]

Asian Convertibles & Income Fd (Cayman)
NAV Nov 19 $10.01

Atlas Real Estate Hedge Fund Limited
NAV Aug 31 $107.15

Bank of America
World Horizon Funds
[illegible]

Bank of Nova Scotia Trust Co (Cayman) Ltd
[illegible]

Baring Mutual (Ireland) Limited
Taiwan Fund NAV $12.10 0.00

Bayard Partners Limited
The Bayard Fund Oct 31 $828.98

Beaufort Capital Management
[illegible] $148.36

Belgrave Capital Management
[illegible]

Bozano, Simonsen Latin American Fund
NAV $367.05 +2.33

Brown Simpson Asset Mgmt
Brown Simpson SOF $1384.95 1386.19

Brunswick Capital Management (Cayman) Ltd
[illegible]

Butterfield Fund Managers (Cayman) Ltd
[illegible]

Caspian Quantitative Asst Mngt Advsr LLC
[illegible] $58.34

Cathay Investment Fund Limited
NAV Oct 31 HK$8.37

The China Fund
[illegible]

Coutts & Co Ag
[illegible]

Craig Drill Capital Ltd
NAV Sep 30 $206.04

Deutsche Bank A.G.
[illegible] $965.65

Discover Investment
[illegible]

Dragon Securities Ltd
[illegible] $0.31

Dubin & Swieca
[illegible]

Falcon Fund International Inc
Falcon NAV Oct 31 $231.2207

Feirstein Capital Management Corporation
[illegible]

Fides Asset Management Ltd
[illegible]

Formosa Growth Fund Limited
NAV $19.98

Framlington Group Plc
[illegible] 583.66 +4.23

Franck Asset Management
[illegible] $1064.42

GA – Rate Management Limited
[illegible] L105985 +610

Gaia Currency Funds
[illegible]

For Gosso Capital see Other Offshore

Global Fund Management S.A.
[illegible] $11.19

Grossman Asset Management
[illegible]

Guardian Global Asset Management Ltd
[illegible]

IBJ Schroder Bank & Trust Company
IBJ Schroder Overseas NAV $1169.44

IBJ Schroder Overseas Fund II
NAV Oct 31 $951.85

InPac Asia Pacific Funds Limited
[illegible]

The International Investor
[illegible]

Kingdon Offshore N.V.
[illegible]

Korea Intl Investment Fund
NAV Nov 16 $117.75

Korea Intl Investment Fund Ltd (II)
NAV Nov 16 $33.35

Korea International Investment Fund Ltd (III)
NAV Nov 16 $47.81

Korea International Investment Fund Ltd (IV)
NAV Aug 3 $20.50

Korea International Investment Fund Ltd (V)
NAV Nov 16 $41.35

Korea International Investment Fund Ltd (VI)
NAV Aug 3 $29.50

Korea International Investment Fund Ltd (VII)
NAV Nov 16 $79.84

Korea International Investment Fund Ltd (VIII)
NAV Nov 16 $74.38

Levco Alternative Fund Ltd
NAV $119.22

Liberal Asset Management – LIBERAL FUND
[illegible]

MBf Unit Trust Managers Limited
[illegible]

MFS Meridian Funds
[illegible]

Marshall Wace Asset Management Limited
[illegible]

Masters International Advisors
[illegible] $256.47

Montgomery Emerging Markets Fund Ltd
NAV Oct 16 $758.10

Morgan Stanley Ofis Advisory Mortgage Fd Inc
Class A Shares $10.14

National Investment Trust Company Ltd
The New Taipei Fund Ltd $19.9981

North Atlantic Management Co Ltd
Compass $15.60 16.67

Olympus Capital Management Ltd
[illegible]

Omega Overseas Partners Ltd
[illegible] $745.1897

Opportunity Fund (z)
[illegible]

Orion Capital Advisors Ltd
[illegible]

The Osprey Group Of Funds
Coniber Fund Ltd $9.3029

Pacific & General Investments Inc
NAV $1.0824

Pakistan Fund
[illegible]

Paxison International Ltd
NAV Oct 31 $127.49

Perry Partners International Inc
NAV Oct 31 $198.04

Philippine Income Fund Inc
NAV Nov 18 $7.89

Pro Value AG
European Focus Nov 13 DM220.442

Prospector Fund Management Ltd
[illegible] $135.48

Prudential Securities Futures Mgmt, Inc
[illegible]

Putnam Offshore Funds
[illegible]

Renaissance Capital Asset Management Ltd
[illegible]

Richmond Capital Limited
Richmond Europe Fund $3276.41

Russia Value Fund LP
NAV $1644.58

SEI Global Management (Cayman) Inc
Argentina Fixed Inc Fd Ltd $10.24 +0.04

Secured Profits Fund Limited
NAV (OEIC) £1.1275

Sierra Global Management PLC
[illegible]

Sloane Robinson Investment Mngmt Ltd
S.R. Global Fund Inc.
[illegible]

Sofaer Capital Inc
[illegible]

Sphere Ltd
[illegible]

Strome Offshore Limited
NAV Oct 31 $224.9825

Strome Susskind Investment Management LP
Strome Hedgecap Limited $122.8161

Suisse Finance Corporation
[illegible] $7391.6941

Swiss Finance Global Funds
[illegible] $128.88

Taipei Fund
[illegible]

Talisman Capital Inc
[illegible]

Third Point Management Company LLC
Third Point Offshore Fund Ltd
[illegible]

UBS Private Investor Funds
[illegible]

Vantage Investment Management Ltd
Vantage Global Invest $110.12 111.22 +0.70

Virtuoso Circle Limited
Four Seasons Fd Ltd

Voltaire Fund
[illegible]

Wharton Capital Investment Management Ltd
[illegible] $11.65

Zanett Lombardier Ltd
NAV Sep 30 $309.38

GUERNSEY (FSA RECOGNISED)

Dresdner RCM Global Investors (Guernsey) Ltd
PO Box 44, Guernsey, CI 01481 709693
[illegible]

Investec Guinness Flight (Gsy) Ltd (2400)F
PO Box 250, St Peter Port, Guernsey GY1 3QH, CI
[illegible]

Lazard Fund Managers (C.I.) Ltd
Upland Rd, St Peter Port, Guernsey 01481 723021
[illegible]

Lloyds Intl Money Market Fund Ltd
[illegible] 01481 704600

M & G (Guernsey) Ltd
[illegible] 01481 722953

Prudential Fund Managers (Guernsey) Ltd
[illegible] 01481 707900

Rothschild Asset Management (CI) Ltd
PO Box 242, St Peter Port, Guernsey 01481 719700
[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021
[illegible]

Sarasin Funds Mngmt (Guernsey) Ltd
[illegible]

Schroder Investment Mngmt (Guernsey) Ltd
[illegible]

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd
[illegible]

Absolute Alpha Inv Mgmt (Guernsey) Ltd
[illegible]

Apollo Investment Management Ltd
[illegible]

BFIT Investment Services Limited
Bangkok Nov 11 $38.44

Barclays Global Investors Guernsey Ltd
Japan Index Fund Y1751.0 1771.0 +0.06

Butterfield Fund Managers (Guernsey) Ltd
[illegible]

For CA III Asset Mgmt (CII) see FM Asset Mgmt

CIBC Fund Managers (Guernsey) Ltd
[illegible]

Clariden Investment Mgt (Guernsey) Limited
[illegible]

Collins Stewart Asset Management Ltd
Global Managed 1.83 1.86

Commercial Union Captives Inv Mngt
CUCM Trust £1.2487 +0.0017 7.19

Concord Mior Investment (Guernsey) Ltd
Egyptian Growth Nov 16 $7.94 8.29

Cornelia (Channel Islands) Limited
[illegible]

Credit Suisse Asset Mngt (Guernsey) Ltd
[illegible]

Dartrust Management (Guernsey) Ltd
[illegible]

Delphi Asset Mngt Ltd/Delphi Global
[illegible]

Dresdner RCM Global Investors (Guernsey) Ltd
Int.Ac.Bd.Acc* £19.6714 20.699 — 0.00

Ely Place Fund Managers (CI) Ltd
Sovereign Growth Acc £12.030 +0.010

Equinox Finance Management (Guernsey) Ltd
[illegible] $4.04 6.43

FM Asset Management (Guernsey) Ltd
First Mercantile Emg Russia $1.85 3.86

FP Consult
[illegible]

Foord & Meintjes
Foord & Meintjes Intl Tst $11.960 +0.010

GYS Investment Management Ltd
[illegible] $10.157 +5.11 0.00

Global Portfolio Management (Guernsey) Ltd
[illegible] $12.84 12.86

Hauteville Fund Managers (Guernsey) Ltd
[illegible] +4.79 0.21

Helvetia Fund Administration Limited
Spear Capital [illegible] $977.92

Latrow Global Funds
[illegible]

For Lloyds Bank Fd Mgrs see Butterfield Fd Mgrs

Long-Invest Capital Ltd
[illegible]

Merrill Lynch Guernsey
[illegible]

MSM (Guernsey) Ltd
[illegible] DM10.42 10.45

Next Century Partners Limited
[illegible] $5.02

Nikko Global Asset Mngt (Europe) Ltd
[illegible]

Paragon Asset Management Ltd
[illegible] $120.9881

Port Fund Managers/Select Global Strategies
[illegible]

Private Fund Managers (Guernsey) Limited
[illegible] £203.04 285.09 — 1.62

River & Mercantile International Limited
[illegible]

Rothschild Asset Mngmt (CI) Ltd
[illegible]

Royal Bank of Canada Strategic Ratchet Fund
[illegible]

Saudi International (Guernsey) Ltd
Falcon High Income $120.54 121.67

Schroder Investment Mngmt (Guernsey) Ltd
[illegible]

Staines Fund Managers (Guernsey) Ltd
[illegible]

Standard Associates (Guernsey) Ltd
[illegible]

Tudor Investment Management (Guernsey) Ltd
[illegible] $91.23 94.59

UBK Asset Management (Guernsey) Ltd
[illegible]

U.S. Global Investors (Guernsey) Limited
[illegible]

UTI (Guernsey) Limited
[illegible]

Yamaichi Capital Mngt (Guernsey) Ltd
Yamaichi Pan Chinese Fd $7.77

IRELAND (FSA RECOGNISED)

AIB Fund Management Ltd
AIB Trade Ctre, PO Box 5487, IFSC, Dublin 1 00 3531 8740222
AIB Investment Fund Umbrella Fund
[illegible]

ABN AMRO Global Liquidity Funds Plc (a)
30 Herbert St Dublin 2 Ireland
[illegible]

Aberdeen Prolific International Fund Plc
53 Fitzwilliam Square, Dublin 2
[illegible]

BT Fund Managers (Ireland) Ltd (a)
6 George's Dock, IFSC, Dublin 1 00 3531 8051280
BT Investment Funds
[illegible]

Bank of Cyprus Group
1 Harbourmaster Place, IFSC Dublin 1 353 16700360
BOC International Fund Management Ltd
BOC Global Equity (a) 1.4819

Global Asset Management - Contd.
[illegible]

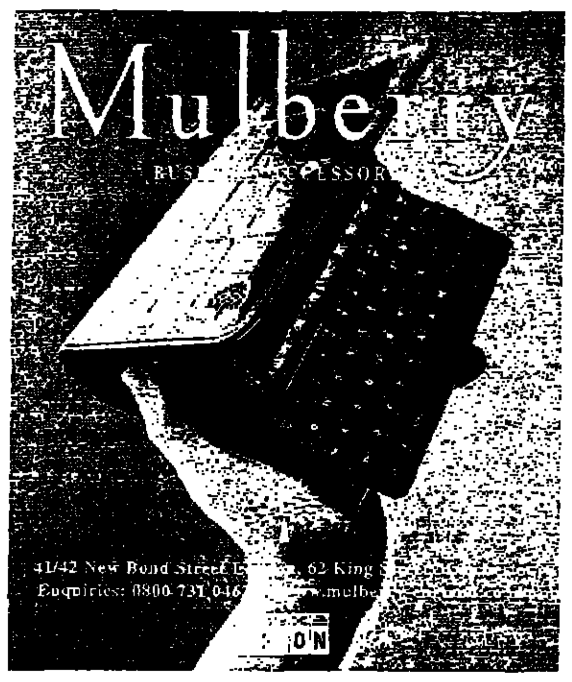
The Halal Mutual Investment Company Plc
18 South Frederick Street, Dublin 2
Sterling Portfolio £250.60

Henderson Crosthwaite Investment Co
32 St Mary at Hill, London EC3P 3AJ
[illegible]

Herald Investment Fund Plc
12 Charterhouse Sq, London EC1M 6AX 44171 5530300
[illegible]

Investec Guinness Flight Fd (Ireland) Ltd
PO Box 250, St Peter Port, Guernsey GY1 3QH, CI
[illegible]

Lazard Investment Funds Ltd
20/22 Lower Hatch Street, Dublin 2, Ireland 3531 7905858
[illegible]



Baring International Fund Managers (Ireland) Ltd
IFSC Hse, Custom Hse Docks Dublin 0171-628 6000
[illegible]

Christows Investments Plc
[illegible]

Coutts Fund Managers Limited
Georges Quay, Dublin 2, Ireland 00 3531 6084390
[illegible]

Daiwa Europe Fund Mgrs Ireland Ltd
[illegible]

Dresdner Kleinwort Benson Int Mgt Services Ltd
La Touche House, IFSC, Dublin 1 00 3531 6701444
[illegible]

Federated International Funds Plc (a)
14 Hume Street, Dublin 2 00 3531 6624244
[illegible]

Fiduciary International Ireland Ltd
[illegible]

Findlay Park US Smaller Companies Fund Plc
[illegible]

Fleming Private Fund Plc
[illegible]

GT Global
[illegible]

Global Asset Management (GAM)
GAM Fund Management Ltd
1 George's Dock, IFSC, Dublin 1 00 353 1 6702079
[illegible]

Lazard Investment Funds Ltd - Contd.
[illegible]

Lehman Brothers/GLG Partners Asset Mngmt
AIB Trade Centre, IFSC, Dublin 1
[illegible]

Morgan Grenfell Investment Funds Ltd (n)
20 Finsbury Circus, London EC2M 1UT 0171 545 7474
[illegible]

Murray Johnstone (Dublin) Ltd
[illegible] 3531 407 2080

Natwest Reserve Funds Plc
[illegible] 0171 920 5015

For Nicholas-Applegate Capital Mngmt see Ireland Reg

Old Mutual Fund Managers (Ireland) Ltd
[illegible]

Scottish Value Management (Ireland) Ltd (n)
[illegible]

Singer & Friedlander Inv Funds Ltd (n)
21 New Street, Bishopsgate, EC2M 4HR 0171-626 8236
[illegible]

Swiss Life Investment Fund – Proteus (n)
IFSC Hse, Custom Hse Dock, Dublin 1
[illegible]

Tilney (Ireland) Ltd
20/22 Lower Hatch Street, Dublin 2 00 3531 7905873
US Mid Cap F 5 $14.49 +0.0800

IRELAND (REGULATED)(**)

For ABN Amro Global Liquidity Plc see Ireland FSA

AIB Fund Management Ltd
[illegible]

AIG Asset Management Ltd
[illegible]

AIM Capital Funds Plc (n)
[illegible]

AIM Global Management Company Limited
[illegible] $3.17

AIMS Management Limited
[illegible]

AON International Funds Plc
[illegible]

Abbey National Dublin Investment Fund Plc
[illegible]

Abbey National Dublin Investment Fd II Plc
[illegible]

Abbey National Dublin Investment Fund III Plc
[illegible]

Aberdeen Prolific Umbrella Cash Fund Plc
Sterling Cash £1.0000 6.99

Amadeus Capital Vision Plc
[illegible] $9.41

Asia Dynamic Growth Fund Plc
NAV $7.97

Asia Small Cos Growth Fund (n)
NAV $4.98

Asian Growth Fund Plc
NAV $0.61

Asset Korea Fund
NAV $2.63

Asset Universal Ltd
[illegible]

Atlantis Korean Smaller Companies Fund
NAV Nov 18 $6.39 0.00

BAS–EX Management SA
[illegible]

BT&T Asset Management (Ireland) Ltd
[illegible]

BZW Secured Equity Fund II Plc
[illegible]

Bank of Ireland Gilt Managers Ltd
[illegible]

Barclays Global Investors Ireland Ltd
[illegible]

Baring International Fd Mgrs (Ireland) Ltd
[illegible]

Baring Mutual (Ireland) Ltd
[illegible]

Bear Stearns Asset Mgt (Ireland) Ltd
[illegible]

Blackstone Franks Managers Ireland Ltd
[illegible]

Bordier Invest (Ireland) Ltd
[illegible] $40.18

Caipios Fund
NAV $117.09 +0.68

Cazenove International Fund Plc
[illegible]

Chemical Ireland Fund Administrators Ltd
[illegible]

Citi Investment Fund (Ireland)
Citi Korea Equity $3.70 +0.16

Citizens Investment Trust Mngt Company
CITC Select Fund Plc
[illegible]

City of London Investment Mngt Co., Ltd
[illegible]

For ConGlobe Fd Mgmt see Aberdeen Prolific

DMG International Fund
[illegible] $9827.95 +184.23

Daiwa Europe Fund Mgrs Ireland Ltd
[illegible]

Dragon Korea Fund Plc
NAV $0.92

Dresdner Kleinwort Benson Int Mgt Srv
All Mexican Commodity Fund Plc
NAV Nov 19 $93.90

Eli Voyager Fund Plc
US Leaders Equity Fd $9.67

Eagle Star European Life Assurance Co Ltd
[illegible]

Edgehill Select Group
[illegible]

Egerton Capital European Fund Plc
NAV Nov 19 £20.33 +0.42

Emerging World Asset Management
[illegible] $11.18

F.I.T. Investment Trust Ltd (z)
[illegible]

FTF Forex Trading & Finance SA
[illegible]

Federated International Global Funds
[illegible]

Fidelity Institutional Cash Fund PLC
[illegible]

For Floating Private Fund Plc see Ireland FSA

Foreign & Colonial Emerging Markets Ltd
Emerging High Yield Inv Fd $8.45 8.54

Foreign & Colonial Emerging Markets Ltd
F & C Rosemlun Inv Co $4.73

Formosa High Tech Fund
NAV $7.93 +0.05

Framlington Investment Mngt (Ireland) Ltd
Maghreb $21.8886

Frank Russell Investments (Ireland) Ltd
[illegible]

Fresh Korea Fund
$3.86 +0.11

Fuji Investment Management Co (Europe) Ltd
[illegible]

GE Financial Fund Management Ltd
[illegible]

GM Fund Management (Ireland) Ltd
Global Financials Fd Plc $12.86 0.00

GT Global
[illegible]

Gan International Umbrella Fund Plc
[illegible]

Gartmore Korea Fund Plc
NAV $3.02 +0.22

Global Euro-Asia Investment
[illegible]

Global Resources Stock Fund
NAV $10.55

The Golden Gate Fund Plc
[illegible]

Goldman Sachs
[illegible]

Gordon House Asset Management Ltd
[illegible] $7.39

HSBC Asset Management
[illegible]

Hamon Ireland Ltd
[illegible]

Irish Life International Global Funds Plc
[illegible]

John Hancock Funds Plc
[illegible]

Hanwha Korea Venture Fund
[illegible]

Heusemann International Fund Plc (a)
[illegible]

For Herald Investment Fund Plc see Ireland (FSA)

Investec Guinness Flight (Ireland) Ltd
[illegible]

INVESTORS Fund Services (Ireland) Ltd
[illegible]

Kim Europa Worldwide Fund
NAV $5.13 +0.13

Kim Far East Fund Plc
[illegible]

Korea Active
NAV $6.81 +0.10

Korea Bond Fund Plc
NAV $9.55 +0.17

Korea Capital Growth Fund
NAV $3.00 +0.15

Korea Open Fund
NAV $1.98 +0.04

Korea Special Opportunities Fund Plc
NAV $5.84

Korean Power Fund
NAV $2.61 +0.04

Korean Preferred Share Fund
NAV $1.69

Lazard Investment Funds Ltd
[illegible]

Legal & General (Ptfolio Mngt Services) Ltd
[illegible]

Legg Mason
Strategic Value Andorra Plc
Value Fund $108.7 +0.05

Lehman Bros/GLG Partners Asset Mngt Ltd (n)
[illegible]

Loomis Sayles International Funds Plc
[illegible]

Lotus Fund Plc
[illegible]

Marathon Asset Management (Ireland) Ltd (n)
[illegible]

Marriot Singer Investment Funds Plc
[illegible] $1.0552 +0.0159

Mediolanum International Funds Ltd
[illegible]

Morgan Grenfell Cash & Money Market Plc
NAV £1.00 6.51

Morgan Grenfell euroSpectrum Funds Plc
[illegible] DM21.29 +0.66

Morgan Grenfell Fixed Income Funds Plc
[illegible]

Morgan Grenfell Profunds Plc
[illegible]

NPI Asset Management Limited
Global Core Asia Pacific Fd $11.6792

Nicholas–Applegate Capital Management
Nicholas–Applegate Global Umbrella Fund Plc
[illegible]

The Northern Trust Global Cash Funds Plc
[illegible]

Old Mutual Fund Managers (Ireland) Limited
Elite Portfolios
[illegible]

Omega Trust Umbrella Fund Plc
[illegible] $11164.2200 — 0.00

Oppenheimer Millennium Funds Plc
[illegible]

PIMCO Global Advisors (Ireland) Ltd
[illegible]

Paine Webber Offshore Funds Plc (u) (z)
[illegible]

Pareto Partners Umbrella Fund Plc
[illegible] $10.32

Paribas Asset Management (Ireland) Ltd
[illegible]

Paribas Multi–Manager Global Fund Plc
[illegible]

Philo Smith & Co
[illegible]

Pioneer Management (Ireland) Ltd
[illegible]

Premier Protected Assets Fund Plc
The UK Equity Fd £14.616

Prudential Securities Futures Mngt Inc
[illegible]

Putnam World Trust
[illegible]

RMB Global Fund
[illegible]

Rothschild Asset Management (Ireland) Ltd
Asian Technology $8.83

J. Rothschild International Assce plc
[illegible]

SEC Traded Endowment Fund Plc
NAV £1.12

SEI Global Master Fund – Institutional Class
[illegible]

SEI Global Master Fund – Investor Class
[illegible]

The Sagitta Fund Plc
[illegible]

Salomon Brothers Asset Management
[illegible]

Saudi International Inv Co Plc
[illegible] 0.00

Schroder Investment Management (Ireland) Ltd
Russian Region Fund Plc $1.89 +0.01 0.00

Scottish Amicable European/International
[illegible]

Scottish Mutual Intl Fund Managers Ltd
[illegible]

Sellers Investment Mngt (Ireland) Ltd
[illegible]

Short–Term Investments Co (Global Series) Plc
[illegible]

Singer & Friedlander Closed Funds Plc
Alm 109.59 +2.79 0.00

For Singer & Friedlander TI Acc Mgt see US Value Inv

Skandia Select Fund Plc
[illegible]

State Street Global Advisors Limited
[illegible]

Super Phoenix Fund
NAV $1043.19 +0.45

Super Phoenix Fund II
NAV $1036.24 +0.84

The Tokai Umbrella Fund
[illegible]

US Value Investment Company Plc
NAV $10.04

Ulster Bank Investment Services
[illegible]

The Wanger Investment Company PLC
[illegible]

Warburg Pincus Funds Plc
[illegible]

Yamaichi Samsung Dynamic Korea Fund
NAV [illegible] +0.14

Yuki Korea Fund
NAV [illegible]

Yuki Taiwan Fund
NAV [illegible]

ISLE OF MAN (FSA RECOGNISED)

Alliance & Leicester Int Fd Mngrs Ltd
[illegible]

Allied Dunbar Intl Fund Mgrs (1600)F
43-51 Athol Street, Douglas, IoM 01624 661551
[illegible]

Ashburton Global Funds Inf
[illegible]

Bank of Ireland Asset Mngt (IOM) Ltd
[illegible]

CMI Fund Managers (IoM)
[illegible]

Irish Permanent Fund Managers (IoM) Ltd
[illegible]

Mercury Fund Managers IoM Ltd
[illegible]

Old Mutual Intl Fd Managers (Is of Man) Ltd
[illegible]

Quilter Intl Mngt (IoM) Ltd
[illegible]

Sun Life Management (IoM) Ltd
[illegible]

Ulster Bank Global Funds Plc
[illegible]

ISLE OF MAN (REGULATED)(**)

BOE International Asset Management(IM) Ltd
[illegible]

For Bk of Ireland Asset Mngmt see Jersey (Regulated)

City Financial Admin (IoM) Ltd
[illegible]

NIB International Asset Management Ltd
[illegible]

Neville James Fund Managers Limited
[illegible] 124.9

Old Mutual Intl Fd Managers (Isle of Man)
[illegible]

RHR Fund Managers Ltd
Lowes Sterling Ptoke Ltd £9.70 10.28

For Sybase IoM see NIB Intl

JERSEY (FSA RECOGNISED)

AIB Fund Managers (CI) Ltd
PO Box 468 St Helier Jersey 01534 883000
AIB Guaranteed Currency Fund Limited
[illegible]

AIB Govett (Channel Islands) Limited (1000)F
AIB Hse, Grenville St, St Helier, Jersey 01534 873220
[illegible]

Barclays International Funds
PO Box 152, St Helier, Jersey CI 01534 812700
[illegible]

Gartmore Fund Managers Intl Ltd (z)
PO Box 278, 45 La Motte St, Jersey 01534 888888
[illegible]

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F
PO Box 657, New Street, St Helier, Jersey 01534 604514
[illegible]

Lloyds Bank (CI) U/T Mgrs.
PO Box 311, St Helier, Jersey 01534 284242
Lloyds Tst. Gilt F 3½ £12.22 12.85 — 5.89

Lloyds TSB Fund Managers (CI) Ltd
PO Box 536, St Helier, Jersey 01534 500082
[illegible]

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 01534 606060
[illegible]

Newton Fund Mgrs (CI) Ltd (1200)F
PO Box 189, St Helier, Jersey 01534 265767
[illegible]

Perpetual Fund Management (Jersey) Ltd
PO Box 459, Seale Street, St Helier, Jersey 01534 607600
[illegible]

Prudential Fund Managers (Jersey) Ltd
PO Box 103, St Helier, Jersey 01534 888888
[illegible]

Royal Bank of Scotland Fd Mgrs (Jersey) Ltd
PO Box 443, Guernsey Hse, St Helier, Jersey 01534 870741
[illegible]

Royal Bank of Scotland International Ltd
PO Box 680 St Helier Jersey 01534 74365
[illegible]

For TSB Fd Mgrs see Lloyds TSB Fd Mgrs

هكذا من الأصل

هكذا من الاصل

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (FSA RECOGNISED)

OFFSHORE INSURANCES

○ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Fiorexco International Ltd
PO Box 193 St Peter Port, Guernsey 01481 713100

Friends Provident International
Albert House, St Peter Pt, Gsy 01481 700210

Generali International Limited
PO Box ... Les Echelons Ct, St Peter Port, Gsy 01481 714108

Hansard Europe Limited
+353 1 278 1488

Hansard International Ltd.
+1624 688000

Irish Life International Ltd
Lower Abbey Street, Dublin 1 3531 7041500

Isle of Man Assurance Ltd
IOMA House, Prospect Hill, Douglas, IoM 01624 681200
Nufaby Property Bond * £0.647 0.657

Labrow International Group

Midland Life International Ltd
20-22 Lower Hatch St, Dublin 2 00 3531 662 5888

Old Mutual Guernsey
PO Box 121, St Peter Port, Guernsey 01481 726726

Old Mutual Hong Kong

Old Mutual International (Guernsey) Ltd
PO Box 121, St Peter Port Guernsey 01481 726726

Old Mutual International (Ireland) Ltd
50 Dawson Street, Dublin 2, Ireland 00353 1 662 1985

Old Mutual International (Isle of Man) Ltd
Victory Hse, Prospect Hill, Douglas, IoM 01624 683883

PanEuroLife societe anonyme
00 352 459730

Premier Life
Tlx 2809 Tel 4050731

Royal & Sun Alliance Intl Financial Srvs
Royal Court, Athol St, Castletown IoM 01624 821212

Royal Skandia Life Assurance Ltd (z)
01624 611611

Scottish Equitable International SA
43 Av JF Kennedy, L-1855, Lux 00 352 4291301

Scottish Mutual International Plc
16/17 Beresford Place, Dublin 1 00 3531 804 4000

Scottish Provident Intl Life Ass Ltd
01624 681681

Scottish Widows International Ltd

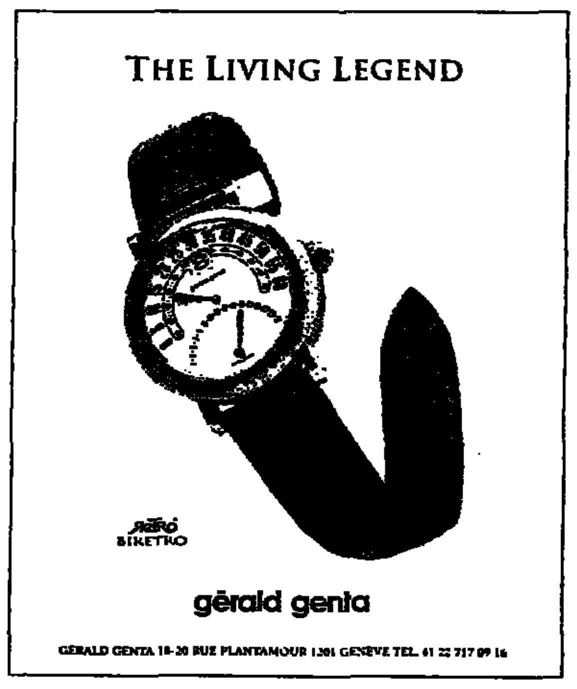
Sun Life International (IOM) Ltd

OTHER OFFSHORE FUNDS

AXA Asset Management
AXA Investment Managers Hong Kong Ltd
Aberdeen Asset Management Asia Limited
Ability Fund Limited
Acciones y Valores de Mexico SA de CV
Acuma Capital Management Limited
Advanced Asset Management Ltd
Alexandra Global Investment Fund I, Ltd
Alfanar Investment Holdings N.V.
Alliance Capital
Allied Dunbar International Fund Mngrs (Jersey)
Alpha Fund Management Ltd
The Americas Trust Bank
Arawis Capital Advisors LLC
Ardent Investment Management Limited
Argent Fund Management Limited
Aristaia Partners (BVI) Ltd
Aristocrat Capital Management Ltd
Arnfield-Herman Investment Mgmt Inc
Arnhold and S. Bleichroeder, Inc
Asia Debt Management Hong Kong Ltd
Asia Pacific Securities Corp Ltd
Atlantico Investment Ltd
Atlantico Libor Plus Oct 16 ... $112.10

Atlantic Investment Management, Inc
Atlantis Fund Management (Guernsey) Ltd
Aurum Funds
BBM Bank
BEA Associates
BMP
Julius Baer Bank & Trust Co Ltd
Banca Rolg. S.A. (Principality of Andorra)
Banc Internacional D'Andorra Banca Mora
Bank Von Ernst & Cie AG
Bque Fr Serv & Co/Europ Inv Mgt Ltd
Banque Nationale de Paris Plc
Baring International Group
The Bahrain Fund Ltd
Beacon Ventures Ltd
Bear, Stearns International Ltd
Bellevest Funds
Bermuda Capital Company Ltd
Best International Management Inc
Birla Capital International AMC (Mauritius) Ltd
Blairmore Holdings Inc
Bodart & Co
Bonfield Asset Management Limited
Buchanan Capital Management Ltd
CB Asset Management
CDC International
CML Fund Management Ltd
Camco Investment Management Ltd
Campbell & Co
Capital Plus Management Limited
Carlson Investment Management Far East Ltd
Caxton Global Investments Limited
Cazenove Funds Management Ltd
Chameleon Funds Limited
Champion Global Fund Management Ltd
Chartered Asset Management PTE Ltd
Chesapeake Capital Corporation
Chilton Investment Partners LP
The China Invest & Development Fd Ltd
Citibank Global Asset Mgmt (Asia) Ltd
Citizens Investment Trust Mgt & Secs Co Ltd
Colbert Securities Asset Management Limited
Commercial Union
Connor Asset Management Ltd
Cowen & Co
Cowen Enterprise Fund N.V.
Credit Suisse Asset Mgmt Funds
Credit Agricole/INDOCAM
Cresvale (BVI) Limited
Crosby Asset Management Ltd
Crystal Corporation N.V.
Crystal Fund Managers (Bermuda) Ltd
Culross Global Management Limited
DWS Deutsche Ges. F. Wertpapiersp
Daehan Investment Trust Co Ltd
Daiwa Intl Capital Management (H.K.) Ltd
Darier Hentsch Fund Management SA
Delta Fund
Delta Managed Funds Limited
Deltec Panamerica Trust Company Ltd
Dresdner RCM Global Investors (UK) Ltd
Dresdner Bank Investment Group

Dresdner Bank Investment Group - Contd.
EBS Overseas Fund Ltd
East Europe Development Fund Ltd
Edelweiss Portfolio Ltd
Edinburgh Fund Managers (Bermuda) Ltd
Egerton European Dollar Fund Ltd
Egerton European Equity Fund Ltd
Emerging Markets Management
Endstone Trust SA
The Environmental Investment Co Ltd
Enngasson & Co Ltd
Ermitage Group
Europe 1992
Eurovest Ltd



Everest Capital Limited
F.I. Founders Asset Management Ltd (IoM)
The FMG Fund Managers Ltd (Bermuda)
Fairfield Greenwich Group
Fairway International Ltd
Fidelity Advisor World Funds
Fidelity Investments
First Investments Ltd
First Mexico Income Fund
Fleming Leveraged Emerging Mkt Portfolio Ltd
Focus Group
Formosa Fund
Foyil Asset Management Ltd
Frank Russell Investments (Cayman) Ltd
Future World Trade Fund
GBC Asset Management
GM Fund Management (Bermuda) Ltd
The GP Taiwan Index Fund
GT Global
Galileo Group
Garantia Banking Ltd
Garantia Fund of Funds Ltd
Gems Management Ltd
Genesis Fund Managers Ltd
Glaxo Capital Limited
The Glenmore Property Fund Ltd
Global Asset Management

Global Asset Management - Contd.
Global Atlic Inc
Global Convertible Megatrend
The Global Managed Investor Bond Limited
Globalvest Management Co LP
Goldman Sachs
Griffin Capital Management
Group One International Tst
Gryphon Fund Management Ltd
HSBC Asset Management (Bahamas) Ltd
Rambro-Spinner Renaissance Fund Ltd
Ramon Investment Group
Barclays Investment Funds
Hasenbichler Asset Management GmbH
Hansemann Hldgs NV Curacao
Heritage Investment Fund Ltd
Heritam Slaw
Hermes Financial Management (Egypt) Ltd
Hermitage Capital Management Ltd
Highland Fund Advisors Limited
Hull Capital Corps
Hypothesis Capital Management Inc
IDF Inv & Development Financing Ltd
IKOS
Ibn Khaldoun International Equity Fund Limited
India Investment AG
The India Magnum Fund Ltd
The India Special Situations Fund Ltd
India Value Investments Limited (IVIL)
Indocam Asia
Indosuez Emerging Markets Asset Mgmt SA
Insinger Asset Management
INVESCO Asset Management
INVESCO France
The Jaguar Fund N.V.
Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd
Jupiter Asset Management (Asia) Ltd
Jupiter Asset Mngt (Bermuda) Ltd
KB Offshore Fund, C.V.
Kenmar Management Limited
Key Asset Management Inc
King Street Capital Ltd
Kingate Global Fund Ltd
Knight Asset Management Limited
Korea Investment Trust Co Ltd
LIM Asia Special Fund Inc
Lansdowne European Equity Fund Limited
Leopold Joseph Enterprise Fund Limited
Lippo Asia Ltd
Lloyd George Management
Lloyds Fund Management Services SA
Lloyds Bank International (Bahamas) Ltd
MC Bahamas Investment Company SA
MD Sass Re/Enterprise International Ltd
MPFC Overseas Limited
Magnum Funds
Magney Management Limited
Magus Asset Management
E D & F Man Investment Products
Martin Currie Investment Management
Mawlins Fund Ltd
MeesPierson
Merrill Lynch Asset Management
Merrill Lynch Investment Partners
Millennium Asset Management
Momentum Asset Mgmt
Monedo Asset Management
Mont Blanc Management Investments Ltd
Montgomery Emerg Communications Fd Ltd
Montpellier Asset Management Ltd
Moore Global Investment
Morgan Stanley/BLL Global Allocation Fd Ltd
Morgan Stanley Emerging Markets Income

Mortimer & Scott
National Mutual Funds Management
Nautilus Global Limited
New Asia Asset Management Ltd
Nicholas-Applegate Capital Mgmt
Northfield International Ltd (Bahamas)
North Star Fund Managers (Cayman) Ltd
Northern Light Funds Limited
Odey Asset Management Ltd
O'Higgins Asset Management
Old Mutual Intl Fund Managers (IoM) Ltd
Omnia Fund Ltd
Optima Fund Management
Orbitex Management Ltd
Oriental Development Company Ltd
Oryx Fund Ltd
Oryx International Growth Fund Ltd
PFPC International Ltd
PRS International
Pacific Chartered Capital Mgmt Limited
Pactual
Paine Webber
Panergy Limited
Park Place Capital Limited
Pequot International Fund Inc
Pequot Technology Offshore Fund Inc
Peru Select Group of Funds Limited
Philippines Long Term Equity Fund
Phoenix Asset Management Partners
Phoenix Four, Inc
The Poseidon Fund Ltd
Power Capital Limited
Private Capital Portfolio Management Ltd
The Private Client Portfolio
Prospect Asset Management (CI) Ltd
Prosperity Capital Management Ltd
Protected Asset Management (IOM) Ltd
Putnam Europe Ltd
Quantum Group
Quissama Ltd
RHB Asset Management Private Limited
Raffles-Asia Investment Company
Rainbow Global High Yield Fund
Real Estate Strategies Ltd
Regent Fund Management Ltd
Reliant Management
Rod & Greg Capital Management Ltd
Rosenwald Capital Management Inc
Rowide Asset Management Ltd
Russia Growth Fund Ltd
SAGE Partners Ltd
Salvo Fund Management Ltd
Saudi American Bank
Schroder Investment Management Limited
Schroder Investment Mngt (Hong Kong) Ltd
Schroder Investment Mngt (Singapore) Ltd

Scudder, Stevens & Clark Inc
SEASAM Return Fund Ltd
Secure Growth Fund Ltd (Bermuda)
Secure Management (IOM) Limited
Selective Assets Swiss Fund Limited
Shizuoka Investment Mngmt (Bermuda) Ltd
Sintra Fund Ltd
Smith Barney Funds
Societe Generale Group
Sodiac Asset Management Inc
The Southeast Asia Frontier Fund (SEAFF)
Carl Spaengler KAG
Spruce International Investments Ltd
State Street Banque SA
Stephen Brooks Partners
Summit Money Management (Bermuda) Ltd
TIS Group Managers Ltd
Templeton Global Advisors Ltd
Thai Development Capital Fund Ltd
The Thai-Euro Fund Ltd
The Thai Prime Fund Limited
The Thailand Fund
The Thailand Growth Fund
The Thailand Intl Fund Ltd
Thames Currency Funds
Thames River
Threadneedle Investment Funds
Titan Capital Management
The Torrey Funds
Tradewinds Financial Corporation
Tradex Funds
Trans Global Funds Group
Trigone Capital Finance SA
UBS AG
USS Floating Rate Fund Ltd
UTI (Guernsey) Limited
Ultra Asia Phoenix Fund
Ultra Carbarus Fund Ltd
Ultra Hermes Fund
Ultra Interest Play Fund
Ultra Westcliff Fund Ltd
Unibanco-Uniao de Bancos Brasileiros S.A
Union Investment Mgmt Ltd
VLS Finance
Value Partners Fund
Vector Asset Management Ltd
For Vanuc Ktlbc see VLS Finance
For Vesper Consol see Luxembourg (Reg)
Victory Capital Limited
The Vietnam Frontier Fund
The Vietnam Fund Limited
Worldwide Limited
Xerxes Fund Management Ltd
Xiphias International Investment Fd Ltd
Zeland Asset Management AG
Zweig-DiMenna International Limited

● MANAGED FUNDS NOTES
Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to US dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.
FSA - Financial Services Authority
(*) Funds not FSA recognised. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority
Cayman Islands - Cayman Islands Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monetaire Luxembourgeois
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
OEIC - Open Ended Investment Company.
Time - The time shown alongside the fund manager's name is the time at which the fund's valuation point unless indicated by one of the following symbols:
(*) 0001 to 1100 hours
(**) 1101 to 1400 hours
(***) 1401 to 1700 hours
(****) 1701 to Midnight
E Exit charge on sale of units.
C Manager's periodic charge deducted from capital.
H Historic pricing F - Forward pricing
Distribution free of UK taxes.
p Periodic premium insurance plans.
s Single premium insurance.
Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities)
Offered price includes all expenses except agent's commission.
Previous day's price.
Guernsey gross.
Yield before Jersey tax.
Ex-subdivision.
Only available to charitable bodies.
Yield column shows annualised rates of NAV increase.
The fund prices published in this edition are also available on the Financial Times' web site, http://www.FT.com

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LONDON STOCK EXCHANGE

Cash pours into Footsie to beat launch of Emu

MARKETS REPORT

By Steve Thompson, UK Stock Market Editor

The return of confidence in London's equity market gathered more momentum yesterday, rounding off a week of exceptional *gains across most areas.*

Once again, it was the prospect of further cuts in domestic interest rates that was said to have been been the main driving force in the market, a view helped by *the downgrade of third-quarter* gross domestic product figures yesterday.

Those interest rate expectations were mixed in with the ever-present talk of more takeover/merger activity.

Traders reported evidence of *substantial overseas buying,* particularly from Japan.

After a session of increasingly frantic chasing of the front-line stocks, the FTSE 100 index finished comfortably clear of the *5,700 level, only a day after* recrossing 5,500.

Footsie closed 111.3 higher at 5,717.5, taking the gain for the week to 254.3 or 4.6 per cent. That increase has seen the Footsie *rally from its October 5 lowest* closing point of the year to 1,068 points, or 23 per cent.

The junior FTSE indices, the FTSE 250 and SmallCap, were again left gasping in the wake of the 100 index.

Marketmakers pointed out that *it has mostly been the second-* and third-line stocks that have borne the brunt of the constant stream of profit warnings and disappointing trading statements.

Nevertheless, the FTSE 250 *index still managed a strong per*formance, closing another 41.5 firmer at 4,843.0.

The FTSE SmallCap lagged the 250 with its 4.4 gain yesterday to 2,053.7.

The head of trading at one big European investment bank said the London market's surge was a reflection of the positive outlook for UK interest rates in the short term. He said another 25 basis points cut in rates after the next Bank of England monetary policy *committee meeting on December* 10 was a strong possibility.

He also said London was being driven higher by an influx of domestic and overseas money ahead of European economic and *monetary union on January 1.* "Global markets will effectively close down as Emu looms up and the big global institutions do not want to be short of the markets ahead of that; so they are pump*ing the money in now," he said.*

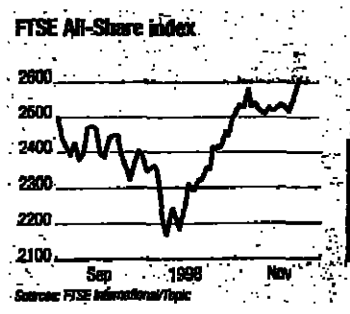
"All those worries about profit warnings and earnings downgrades have disappeared for the time being, but I'm sure they'll come back to haunt the market at a later stage," he warned.

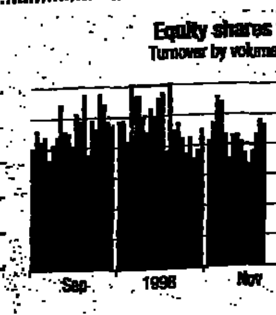
Some strategists agreed with that view. Richard Jeffrey, at CCF Charterhouse Securities, said he viewed the FTSE 100 as "15 per cent overvalued".

Turnover in equities was 928.6m shares.

London took a time to get into its stride, kicking off in sedate fashion, disappointed by the lack of Footsie bid rumours that contributed to Thursday's rise.

The takeover talk did not lie *down for long, however, with* EMI shares erupting in midsession amid stories that an offer for the entertainments group was imminent.





Indices and ratios

FTSE 250	4843.0	+41.5
FTSE 350	2705.8	+47.8
FTSE All-Share	2611.65	+44.29
FTSE All-Share yield	3.01	3.06
FT 30	3434.5	+66.3
FTSE Non-Fins p/e	21.62	21.35
FTSE 100 Fut Dec	5753.0	+123.0
10 yr Gilt yield	4.93	4.89
Long gilt/equity yld ratio	1.63	1.58

FTSE 100 Index

Closing Index Nov 20	5717.5
Change over week	+254.3
Nov 19	5606.2
Nov 18	5474.0
Nov 17	5502.7
Nov 16	5510.5
High*	5751.9
Low*	5467.1

*Intra-day high and low for week

TRADING VOLUME IN MAJOR STOCKS

	Vol. 000s	Closing price	Day's change
3i	1,300	544½	+4½
AMVESCAP	7,000	442	+32
ASDA Group	12,600	156½	+4½
Abbey National	3,100	1294	+26
Alliance & Leicester	2,800	921½	+16½
Allied Domecq	2,700	515	+1
Allied Zurich	6,900	764½	+34½
Anglian Water†	502	878	-4
Assoc. Brit. Foods	188	811	-3
BAA	1,600	671½	-5½
BOC	1,300	925	-2
BG	3,800	413¼	+3¾
BP	26,700	929	-4
BSkyB	2,300	502	-1½
BT	14,600	878	+19
BTR	7,500	95	-2
Bank of Scotland	3,200	887	+37
Barclays	8,700	1320	+47
Bass	3,200	747½	-2½
Billiton	5,300	125	-2
Boots	1,100	1011	+25
Britannic Assurance†	189	1260	+20
Brit. Aerospace	13,100	504	
British Airways	7,500	402	+8
Brit. Amer. Tobacco	7,500	532¼	+17¼
British Energy	1,700	642	+22
British Land	3,600	508	-1
CGU	2,300	942	+33
CMG†	160	1545	+30
COLT Telecom	1,600	740	+30
Cable & Wireless	14,900	735	+48
Cadbury Schweppes	1,900	807½	+21½
Carlton Comms.	1,800	457½	+½
Centrica	3,100	118½	
Compass	1,500	626	-5
Diageo	4,300	686	-4
EMI	7,000	392	+56½
Dixons†	655	690	-9
Foreign & Col. I T	1,600	181½	+4
General Electric	5,600	524	+16
Gallaher†	3,200	415	-2½
Glaxo Wellcome	6,900	1933	+36
Granada	2,600	851	+21
GUS	1,300	625	+7
GRE	1000	306	+3
GKN	768	856	+5
HSBC (75p shs)	8,200	1612	+89
HSBC (HK$10)	3,600	1519	+70
Halifax	3,300	841	-4
Hays	2,600	508	+21
ICI	1,100	545	-5
Imperial Tobacco†	829	675	+7
Kingfisher	7,000	585	+31
Ladbroke	7,700	222	+2½
Land Securities	1,300	795	-8½
Legal & General	2,700	724½	+22½
Lloyds TSB	12,300	852	+48½
LucasVarity	2,200	209½	+3½
Marks & Spencer	4,100	440	+5
Misys	1,400	402½	-7½
NatWest Bank	4,200	1105	+73
National Grid	4,700	471½	+12
National Power	2,600	585½	+10½
Norwich Union	3,700	441½	+5½
Nycomed Amersham	539	383½	-2½
Orange	5,100	698	+13
Pearson	1,700	1040	+37
P & O	4,600	698	+28½
PowerGen	730	867	-4
Prudential	4,100	884	+29
Railtrack	721	1687	-37
Reckitt & Colman	1,200	860	-30
Reed Intl.	3,100	497	+19
Rentokil Initial	4,300	357½	-1½
Reuters	4,300	603	-4½
Rio Tinto	6,900	700	-3
Rolls Royce	4,500	240¼	+8½
Royal & Sun Alliance	5,500	494½	+11½
Royal Bank Scotland	1,800	890	+51
Safeway	2,800	298	+3½
Sainsbury	2,800	524	+9
Schroders	255	1125	+5
Schroders N/V	307	982	-23
Scottish & Newcastle	2,400	733	
Scottish Power	1,700	654	+4
Securicor	1,300	490	
Sema	1,500	495	+15
Severn Trent	800	1077	+21
Shell Transport	15,600	358¾	+3¾
Siebe	8,300	215	+7
SmithKline Beecham	11,800	761½	+10½
Smiths Inds.	1,600	860	+35½
Southern Electric	345	702	+7
Stagecoach	668	235	-7
Standard Chartered	4,000	676	-15½
Sun Life & Provincial	842	517½	+½
Telewest Comms.	4,900	132	+5
Tesco	12,900	178	-1
Thames Water	889	1173	+1
Tomkins	4,100	262	+1
Unilever	9,900	850	+8
Utd. News & Media	987	641½	-4½
United Utilities	1,000	892	+27½
Vodafone	9,900	880	-14
WPP	1,500	355½	+14½
Whitbread	1,500	805½	+23½
Williams	905	358¼	-½
Woolwich	4,600	384½	-2½
Zeneca	1,900	2441	+82

Based on trading volume for the FTSE 100 constituent companies and reserves yesterday until 4.30pm. † Indicates a FTSE 100 index reserve. All trades are rounded. Source: Extel, part of FT information.

EQUITY FUTURES AND OPTIONS TRADING

The bid talk swirling round EMI prompted a bullish trade in the stock, although the small size of the deal suggested few large investors believed the stories, *writes Martin Brice.*

The rumours had been prompted by a US music magazine saying EMI was in talks with News Corp, but EMI denied that. The options trade involved 250 lots of the December 420p calls, which went at 10p. The shares gained 20 per cent to 392p.

The December FTSE 100 future opened at 5,650, which turned out to be the low of the day. At 10.30am, the FTSE 100 options expired, at 5,648. The contract touched the day's high of 5,782 towards noon. Settlement was at 5,753, 36 points above cash and close to fair value.

December rarely strayed more than a few points above fair value.

HSBC at 1,922 lots and Shell at 1,006 were the busiest stock options.

■ FTSE 100 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	5650.0	5753.0	+123.0	5782.0	5650.0	32928	189770
Mar	5726.0	5802.0	+126.0	5807.0	5726.0	1576	17117
Jun	-	5848.0	+127.0	-	-	0	10740

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	4862.0	+42.0	-	-	0	8498

■ FTSE 100 INDEX OPTION (LIFFE) (*5712) £10 per full index point — Nov 20

	5550 C	5550 P	5600 C	5600 P	5650 C	5650 P	5700 C	5700 P	5750 C	5750 P	5800 C	5800 P	5850 C	5850 P	5900 C	5900 P
Nov	165½		115½		65½		16½			38		88		138		188
Dec	380½	99½	284½	114	230½	139	202	152	174	171	148	194	121½	224	100½	254½
Jan	387	173	352½	188½	332½	208	303	228	273½	247½	243½	258	214½	290½	193	316½
Feb	475½	236½	445	258	414½	277½	384	297	359½	317	323½	337½	293	358½	289½	386
Jun†			644	419			582½	454½			520½	491½			462½	533½

Calls 3,893 Puts 1,953

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point — Nov 20

	5525 C	5525 P	5575 C	5575 P	5625 C	5625 P	5675 C	5675 P	5725 C	5725 P	5775 C	5775 P	5825 C	5825 P	5875 C	5875 P
Nov	198		146		98		46			4		54		104		154
Dec	314	87½	278½	101	244	117	212	134½	182½	154½	158	177	132	203½	110½	231½
Jan	409	158	375	174	342	198	316½	208	281	228	254	250½	228	274	204½	300
Mar	536	265			469½	296½			408½	333			356½	379		
Jun†	688½	378			627½	413			565	446½			506½	484½		

Calls 14,777 Puts 10,094 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

Bid-hungry investors eye EMI

COMPANIES REPORT

by Joel Kibazo and Martin Brice

A market eager for bid activity turned its spotlight on music publisher EMI Group, once regarded as one of the companies most likely to be taken over this year.

The latest spate of bid rumours suggested News Corp was in merger talks with the UK company. Analysts were quick to dismiss such talk. One said: "Of all the possible bidders for EMI, I think this is one of the most unlikely."

However, a feeling that something was afoot continued to boost activity in the stock yesterday afternoon and the shares soared, eventually closing 56½ or nearly 17 per cent ahead at 392p, by far the best performer in the FTSE 100. Volume was a heavy 7m.

The group reports interim figures on Tuesday and one specialist on the sector said: "I think an announcement of a distribution alliance, maybe with a European group, is more likely at this stage than a bid."

EMI was said to have hung up the "for sale" sign more than 18 months ago, but Canadian group Seagram was rumoured to have walked away from a merger in May after the British group was reported to have demanded 700p a share. The group has underperformed the market by 65 per cent after demerging from rental group Thorn. Since January it has lagged the FTSE All-Share by 38 per cent.

Early signs of nervousness over the outcome of forthcoming legal actions against UK tobacco companies were in evidence as HSBC produced a weighty research document on the issue and advised clients to reduce weightings from overweight to neutral.

Nick Bunker at the broker yesterday downgraded Gallaher and Imperial Tobacco from "add" to "hold" and told clients: "Our concern is prompted by a sense that investors have become too dismissive of the UK tobacco litigation." However, BAT is not involved in the UK case and he maintains his "add" stance on the shares.

His comments may signify a faltering in the powerful *rally enjoyed by Gallaher* and Imperial, during which they have outperformed the market by 50 per cent in the past six months as investors have sought their defensive properties amid market turmoil. He said: "Since the UK litigation is a major issue for both companies, we think near-term caution is required about both."

Gallaher was down 2½ to 415p as 3.2m were traded, while Imperial was up 7 at 675p. BAT gained 17¼ to 532¼p in volume of 7.5m, one of the busiest Footsie stocks.

Marks and Spencer closed 5 ahead at 440p amid rumours the company will soon issue a holding statement on the successor to the chairman. Speculation was a name would not be announced until after Christmas.

Oil giant British Petroleum was once again one of the busiest stocks of the day as turnover rose to 26m following a volatile session.

Having languished early on when the market was moving sharply ahead, the shares leapt forward after the Kuwait Investment Office, which holds a 6 per *cent stake in the group, said* reports suggesting it might be seeking to sell all or part of its stake in BP were untrue. A spokesman said: "It is a baseless rumour."

However, there was some talk late in the day that one or more of the market's biggest brokers may have bid for the stake. One dealer said: "It would be easy for one of the big brokers to take on the holding given the underlying demand there is for the stock."

The shares gave up earlier gains to close 4 off at 929p.

In the rest of the sector, Shell Transport followed the market trend, adding 3¾ to 358p¾ in trade of 15m.

Sentiment in Falklands oil explorers was hurt by news from Shell and its joint venture partner Agip-ENI that it had found no commercial quantities of oil in a well near the islands. Both Desire Petroleum and Westmount fell the same amount, 22 per cent or 6¼ to 22¼p.

Pace Micro gained more than 20 per cent or 14 to 83p after the maker of digital and analogue satellite receivers said full-year profits were likely to exceed market expectations of £7m. Analysts were said to be upgrading forecasts to £11.5m.

Energis was up 152½ to £11.27½ as a round of presentations started in the US following interim results on *Tuesday from the telecom*munications company, in which National Grid has a 50 per cent stake.

Small-cap educational products and pharmaceutical company Novara fell 6 to 60p after it said spending from state schools was falling. Its UK educational business accounts for 43 per cent of profits. It also warned of a £6m charge this year for moving to new premises. The shares fell despite the announcement of a £13m profit on the sale of its medical business.

Stagecoach was off 7 at 235p as regulatory worries grew on news fellow bus operator Arriva would be required to sell some bus operations in Luton.

Aim-traded Fibernet gained 30 to 336½p after the electronic networking group said the market for data communications showed few signs of slackening and it might form an alliance with a larger group.

Chemicals group Yule Catto suffered one of the worst performances in the FTSE 250 as it announced that the closure of a factory would cost it £4m. The shares, which stood at 435p earlier this year, were down 8 at 278½p.

Hill & Smith Holdings, was the latest small engineer to warn on profits. It fell 6p in early trading after saying profits would be below expectations. A late rally saw it gain a penny to 37½p.

MAIN MOVERS

FTSE 350	Close price	Day's change	Day's chge %
RISES			
EMI	392	+56½	+16.8
Iceland Group	241½	+23	+10.5
AEA Technology	737½	+62½	+9.3
AMVESCAP	442	+32	+7.8
Nat West	1105	+73	+7.1
Cable & Wireless	735	+48	+6.7
Ryl Bk of Scotland	890	+51	+6.1
Lloyds TSB	852	+48½	+6.0
FALLS			
Coats Viyella	25½	-2	-7.3
Independent Insce	204	-13½	-6.2
BPB	255	-13	-4.9
Devro	241½	-11	-4.4
Taylor Nelson Sofres	84	-3	-3.4
Reckitt & Colman	860	-30	-3.4
Eurotunnel Units	74½	-2½	-3.2
Persimmon	171½	-5½	-3.1

FT 30 INDEX

	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Yr ago	*High	*Low
FT 30	3434.5	3368.2	3292.6	3307.9	3324.4	3204.6	4004.9	2790.6
Ord. div. yield	3.04	3.10	3.18	3.17	3.17	3.53	4.22	2.72
P/E ratio net	22.04	21.62	21.10	21.16	21.15	20.86	25.41	15.80
P/E ratio nil	21.95	21.53	21.01	21.07	21.06	20.57	25.19	15.71

FT 30 since compilation: high 4004.9 19/07/98; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

9	10	11	12	13	14	15	16	High	Low
3368.2	3384.5	3396.1	3430.9	3416.1	3417.1	3424.0	3428.3	3448.8	3365.9

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TRADITIONAL OPTIONS

First Dealings	Nov 9	Expiry		Feb 4
Last Dealings	Nov 20	Settlement		Ded T+5

Calls: Dialog Corp, Shield Diagnostics, Tullow Oil.

FTSE - LEADERS & LAGGARDS

Percentage changes since December 31 1997 based on Friday November 20 1998

Telecommunications	+82.61	FTSE 350	+9.56	Retailers, General	-11.14
Tobacco	+49.29	FTSE All-Share	+8.32	FTSE SmallCap	-11.22
Gas Distribution	+45.86	Health Care	+6.42	FTSE Fledgling ex IT	-11.39
Utilities	+27.17	FTSE 350 Higher Yield	+6.12	Building Matls	-11.55
Electricity	+26.52	Banks, Retail	+5.34	Extractive Industries	-12.24
Pharmaceuticals	+25.02	Retailers, Food	+5.08	Gen Industrials	-12.70
Life Assurance	+21.00	Financials	+3.87	FTSE SmallCap ex IT	-13.21
Consumer Goods	+19.41	Insurance	+2.58	Leisure & Hotels	-13.73
Transport	+19.39	Investment Trusts	+2.33	Diversified Industrials	-16.86
Electronic & Elect Equp	+18.51	FTSE 250	+1.16	Property	-19.18
Support Services	+18.23	Media	+1.09	Engineering	-19.37
Services	+16.13	FTSE 250 ex IT	+0.90	Chemicals	-23.46
Alcoholic Beverages	+15.73	Oil, Integrated	-1.11	Distributors	-25.89
Water	+13.62	Construction	-2.65	Household Gds & Txts	-26.04
FTSE 350 Lower Yield	+12.24	Breweries, Pubs & Rest	-6.27	Paper, Pckg & Printing	-31.31
Food Producers	+12.13	RESOURCES	-6.33	Oil Exploration & Prod	-46.48
FTSE 100	+11.33	Engineering, Vehicles	-7.84		
Non-Financials	+10.04	FTSE Fledgling	-10.02		

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	Over 5 days Rises	Over 5 days Falls	Over 5 days Same
British Funds	1	74	0	205	170	4
Other Fixed Interest	3	2	4	3	2	40
Mineral Extraction	73	42	42	270	294	229
General Manufacturers	137	112	258	589	721	1,221
Consumer Goods	73	59	165	304	380	803
Services	156	120	304	618	771	1,511
Utilities	32	4	15	108	71	84
Financials	144	48	192	570	380	966
Investment Trusts	345	21	207	1,147	398	1,322
Others	89	33	278	291	253	1,343
Totals	1,033	515	1,461	4,105	3,440	7,523

Data based on those companies listed on the London Share Service.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Nov 20	Day's chge%	Nov 19	Nov 18	Year ago	Gross yld%	Net yld%	Net cover	P/E ratio	Xd adj ytd	Total Return	1998 High		1998 Low		Since Compilation High		Since Compilation Low	
FTSE 100	5717.5	+2.0	5606.2	5474.0	4985.8	2.82	2.41	1.97	22.47	133.96	2527.60	6179.0	20/7	4849.7	5/10	6179.0	20/7/98	986.9	23/7/84
FTSE 250	4843.0	+0.9	4801.5	4780.9	4665.7	3.65	3.10	2.14	16.01	122.98	2099.32	5986.8	9/6	4251.2	8/10	5986.8	9/6/98	1379.4	21/1/86
FTSE 250 ex Inv Tr	4864.6	+0.8	4826.9	4809.9	4703.5	3.80	3.23	2.21	14.88	127.47	2117.41	6035.7	9/6	4295.8	8/10	6035.7	9/6/98	1378.3	21/1/86
FTSE 350	2705.8	+1.8	2658.0	2603.7	2399.5	2.96	2.52	2.01	21.08	64.22	2444.24	2967.6	20/7	2233.5	5/10	2967.6	20/7/98	664.5	14/1/86
FTSE 350 ex Inv Tr	2712.9	+1.8	2664.7	2610.0	2403.4	2.97	2.53	2.02	20.86	64.74	1257.05	2972.3	20/7	2239.1	5/10	2972.3	20/7/98	2211.6	3/6/97
FTSE 350 Higher Yield	2615.6	+1.5	2575.8	2519.1	2392.9	3.95	3.35	1.92	16.45	81.30	2026.92	2873.7	11/5	2225.2	5/10	2873.7	11/5/98	674.2	14/1/86
FTSE 350 Lower Yield	2794.1	+2.1	2737.3	2686.2	2419.3	1.90	1.64	2.19	30.06	49.35	2045.05	3073.9	20/7	2231.2	5/10	3073.9	20/7/98	669.6	20/1/86
FTSE SmallCap	2053.69	+0.2	2049.26	2052.84	2279.01	4.04	3.29	1.98	15.60	54.93	1807.39	2792.73	26/5	1834.49	9/10	2792.73	26/5/98	1363.79	31/12/92
FTSE SmallCap ex Inv Tr	2005.07	....	2006.08	2012.13	2285.36	4.41	3.60	2.08	13.65	58.11	1785.20	2793.83	9/6	1815.83	9/10	2793.83	9/6/98	1363.79	31/12/92
FTSE All-Share	2611.65	+1.7	2567.36	2517.70	2344.62	3.01	2.56	2.00	20.74	62.33	2394.28	2885.17	20/7	2168.07	5/10	2885.17	20/7/98	61.92	13/12/74
FTSE All-Share ex Inv Tr	2621.86	+1.7	2577.19	2526.69	2350.45	3.03	2.58	2.02	20.43	63.09	1236.77	2892.35	20/7	2174.63	5/10	2892.35	20/7/98	2172.42	4/6/97

■ *FTSE* Actuaries Industry Sectors

	Nov 20	Day's chge%	Nov 19	Nov 18	Year ago	Gross yld%	Net yld%	Net cover	P/E ratio	Xd adj ytd	Total Return	1998 High		1998 Low		Since Compilation High		Since Compilation Low	
10 RESOURCES(20)	4216.96	....	4217.37	4223.53	4738.14	3.54	3.15	1.51	23.35	132.12	1967.63	5029.70	13/5	3596.98	1/9	5202.56	3/10/97	988.20	19/2/86
12 Extractive Industries(6)	2654.12	-0.7	2671.64	2654.46	3125.01	5.14	4.74	1.99	12.19	126.49	854.80	3497.86	11/5	2155.19	1/9	4769.29	7/5/96	1000.00	31/12/85
15 Oil, Integrated(3)	4896.13	+0.2	4886.69	4890.42	5238.91	3.38	2.99	1.45	25.51	145.75	2349.35	5627.11	13/5	4133.08	28/8	5627.11	13/5/98	982.30	20/2/86
16 Oil Exploration & Prod(11)	1926.43	-1.3	1952.48	2022.55	3686.92	2.85	2.49	0.96	45.79	46.95	1205.74	3625.18	2/1	1883.20	3/9	3965.34	17/10/97	650.30	28/7/86
20 GEN INDUSTRIALS(211)	1744.35	+0.9	1729.28	1705.02	1986.62	4.20	3.70	2.19	13.59	58.69	1041.55	2447.86	22/5	1472.89	2/10	2447.86	22/5/98	986.10	14/1/86
21 Construction(39)	1262.85	+0.3	1259.27	1266.19	1343.01	4.05	3.28	2.96	10.41	38.11	1143.48	1759.73	9/6	1139.38	1/9	2125.60	16/7/87	538.30	9/9/92
22 Building Matls & Merchs(26)	1534.38	-0.4	1540.82	1519.78	1781.55	4.89	4.22	2.13	12.03	50.57	850.89	2098.10	1/6	1296.88	8/10	2393.22	24/1/94	954.80	9/9/92
23 Chemicals(23)	1983.37	-0.4	1991.43	1982.12	2430.43	4.62	4.32	1.53	17.70	72.95	1030.61	3165.53	15/5	1616.11	5/10	3165.53	15/5/98	978.80	14/1/86
24 Diversified Industrials(6)	1042.71	+0.4	1038.37	998.34	1331.15	5.52	5.05	2.08	11.30	57.13	680.52	1528.51	13/5	960.29	10/9	2231.57	2/2/94	950.29	10/9/98
25 Electronic & Elect Equip(26)	2611.28	+2.6	2545.84	2447.19	2198.74	2.94	2.38	1.66	22.91	60.32	1462.59	2913.98	7/7	2054.69	22/1	2913.98	7/7/98	988.80	29/8/86
26 Engineering(59)	2233.70	+1.3	2205.27	2184.57	2683.46	4.33	3.84	2.23	12.92	79.00	1466.37	3336.87	11/5	1864.19	2/10	3336.87	11/5/98	982.80	10/11/87
27 Engineering, Vehicles(10)	3167.05	+1.1	3133.30	3061.64	3362.62	2.82	2.59	3.27	13.58	75.72	1763.82	4822.19	26/5	2702.38	5/10	4822.19	26/5/98	985.60	14/1/86
28 Paper, Pckg & Printing(22)	1470.75	+0.7	1460.44	1469.66	2155.09	6.06	5.60	2.45	8.43	68.02	675.81	2540.33	26/5	1286.37	5/10	3142.82	11/7/95	873.30	14/1/86
30 CONSUMER GOODS(90)	5878.88	+1.4	5799.59	5703.27	4723.51	2.32	2.10	1.93	27.87	127.90	2349.46	6182.22	20/7	4727.70	8/10	6182.22	20/7/98	967.50	14/1/86
32 Alcoholic Beverages(6)	3768.99	-0.4	3785.29	3645.07	3398.61	3.30	3.06	2.13	17.75	136.95	1510.39	4249.01	20/7	2727.17	25/9	4249.01	20/7/98	987.50	14/1/86
33 Food Producers(26)	3768.70	+1.1	3726.96	3693.64	3360.89	2.38	2.06	2.41	21.77	82.59	1843.44	4423.56	8/6	3062.81	5/10	4423.56	8/6/98	946.10	14/1/86
34 Household Goods & Texts(22)	2289.58	-2.1	2339.85	2346.46	2829.94	4.58	4.07	1.78	15.32	89.97	981.86	3704.44	24/4	2248.89	8/10	3704.44	24/4/98	927.10	21/1/86
36 Health Care(13)	2437.73	+1.0	2413.16	2420.65	2207.28	2.13	1.96	2.18	26.93	46.87	1573.76	2816.34	21/7	2069.93	8/10	2816.34	21/7/98	972.80	21/1/86
37 Pharmaceuticals(20)	10201.22	+2.0	10004.80	9819.42	7595.80	1.73	1.62	1.59	45.40	165.24	3676.09	10950.95	2/2	7862.54	8/10	10950.95	2/2/98	953.70	13/1/86
38 Tobacco(3)	6903.77	+2.0	6767.50	6776.78	4545.27	4.91	4.10	2.04	12.47	210.91	1956.46	6980.78	16/11	4802.62	3/4	6980.78	16/11/98	992.00	9/1/86
40 SERVICES(260)	3330.25	+1.5	3281.17	3218.35	2838.73	2.61	2.14	2.11	22.68	62.21	1947.87	3808.50	20/7	2789.94	8/10	3808.50	20/7/98	944.80	23/1/86
41 Distributors(29)	1867.13	+1.4	1840.64	1813.93	2534.88	5.31	4.38	2.01	11.74	73.51	746.24	2998.05	26/5	1645.17	8/10	3319.33	2/2/94	988.50	21/1/86
42 Leisure & Hotels(28)	2918.31	+1.4	2878.15	2861.87	3277.24	3.23	2.70	2.62	14.75	79.87	1667.20	4195.54	9/6	2450.85	8/10	4195.54	9/6/98	975.40	21/1/86
43 Media(39)	4202.14	+1.9	4122.63	4029.70	4187.24	2.49	2.10	2.16	23.19	84.32	1604.85	4980.94	20/7	3480.83	8/10	4980.94	20/7/98	976.20	9/1/86
44 Retailers, Food(13)	2878.37	+1.5	2835.06	2766.24	2651.70	3.19	2.55	2.14	18.36	68.90	1982.45	3251.86	6/7	2719.33	9/1	3251.86	6/7/98	917.40	21/1/86
45 Retailers, General(49)	2047.93	+1.9	2009.75	2025.98	2377.76	3.73	2.99	2.10	15.91	59.06	1265.71	2478.00	8/6	1969.95	14/10	2478.00	8/6/98	870.10	9/12/86
46 Telecommunications(8)	4982.38	+2.0	4884.36	4730.72	2557.26	1.81	1.48	1.70	40.69	47.70	2443.80	5141.58	31/7	2738.24	12/1	5141.58	31/7/98	982.50	3/10/86
47 Breweries, Pubs & Rest.(24)	3383.47	+0.3	3371.71	3379.04	3385.86	3.65	2.93	2.37	14.44	71.77	1740.70	4441.58	9/6	3047.44	5/10	4441.58	9/6/98	982.00	14/1/86
48 Support Services(65)	4125.04	+1.1	4078.52	3993.17	3375.00	1.50	1.27	2.73	30.50	49.11	2732.47	5475.71	9/7	3398.33	8/10	5475.71	9/7/98	938.00	1/2/91
49 Transport(25)	3529.87	-0.1	3532.53	3440.41	2894.77	3.02	2.56	2.02	20.44	83.78	1593.19	4127.07	17/7	2798.87	23/1	4127.07	17/7/98	980.80	14/1/86
60 UTILITIES(21)	4424.40	+1.3	4366.37	4319.51	3336.06	3.68	3.01	1.74	19.52	101.47	2138.45	4424.40	20/11	3519.37	2/1	4424.40	20/11/98	802.50	3/10/86
62 Electricity(8)	4948.95	+1.7	4867.61	4821.49	3696.56	4.12	3.30	1.86	16.32	113.98	2926.99	4948.95	20/11	3861.86	2/1	4948.95	20/11/98	985.30	7/1/91
64 Gas Distribution(2)	3560.28	+0.6	3539.12	3482.96	2484.45	1.90	1.52	‡	‡	54.02	2075.30	3560.28	20/11	2483.49	2/1	3560.28	20/11/98	994.80	9/12/86
68 Water(11)	3665.62	+1.5	3613.18	3585.36	3193.04	4.69	4.14	2.32	11.49	112.14	2294.15	3814.45	1/10	3086.38	25/2	3814.45	1/10/98	824.70	1/5/90
69 NON-FINANCIALS(622)	2660.82	+1.2	2629.43	2590.71	2384.87	2.94	2.53	1.97	21.62	61.77	2190.96	2932.39	20/7	2278.50	8/10	2932.39	20/7/98	63.49	13/12/74
70 FINANCIALS(100)	5021.48	+3.3	4858.82	4692.86	4508.29	3.38	2.72	2.16	17.59	134.84	2349.00	6070.67	14/4	3726.79	5/10	6070.67	14/4/98	972.20	23/1/86
71 Banks, Retail(12)	7540.12	+4.2	7239.32	6947.39	6603.02	3.33	2.71	2.12	17.40	199.47	2671.03	8833.42	14/4	5206.86	5/10	8833.42	14/4/98	960.60	23/1/86
73 Insurance(15)	2170.17	-3.1	2105.87	2035.88	1933.53	3.25	3.07	2.01	19.13	77.07	1819.11	2859.97	9/4	1675.02	5/10	2859.97	9/4/98	870.90	25/8/92
74 Life Assurance(8)	7177.48	+2.4	7012.32	6784.15	5838.37	2.69	2.32	2.70	17.23	167.30	3235.57	7713.89	19/3	5738.27	8/10	7713.89	19/3/98	967.70	23/1/86
77 Other Financial(26)	3562.22	+1.6	3505.93	3458.95	3601.21	3.08	2.54	2.58	15.73	97.86	2193.60	5215.86	15/4	2733.18	5/10	5215.86	15/4/98	858.39	1/10/90
79 Property(44)	1728.01	-0.5	1736.34	1744.72	2142.12	3.87	3.26	1.62	19.92	41.82	1144.50	2431.05	19/3	1715.69	14/10	2431.05	19/3/98	718.40	16/9/92
80 INVESTMENT TRUSTS(115)	3497.33	+1.4	3448.19	3413.31	3301.93	2.31	1.89	1.19	45.46	58.91	1283.59	4118.22	26/5	2896.22	5/10	4118.22	26/5/98	977.20	14/1/86
89 FTSE All-Share(842)	2611.65	+1.7	2567.36	2517.70	2344.62	3.01	2.56	2.00	20.74	62.33	2394.28	2885.17	20/7	2168.07	5/10	2885.17	20/7/98	61.92	13/12/74
105 FTSE All-Share ex Inv Tr(727)	2621.86	+1.7	2577.19	2526.69	2350.45	3.03	2.58	2.02	20.43	63.09	1236.77	2892.35	20/7	2174.63	5/10	2892.35	20/7/98	2172.42	4/6/97
Information Technology	1271.30	+1.5	1252.02	1208.97	-	0.74	0.59	4.17	40.71	6.95	1277.61	1882.97	20/7	980.67	8/10	1882.97	20/7/98	980.67	8/10/98
FTSE Fledgling	1136.14	+0.2	1133.48	1133.61	1253.00	3.86	3.17	1.44	22.41	32.34	1275.96	1517.11	9/6	1046.17	9/10	1778.30	2/2/94	31.14	12/12/94
FTSE Fledgling ex Inv Tr	1137.84	+0.1	1137.18	1138.29	1273.54	4.23	3.48	1.54	19.16	36.06	1284.58	1854.15	10/6	1084.28	12/10	1778.30	2/2/94	28.13	12/12/94
FTSE AIM	819.8	+0.2	818.0	825.7	981.4	1.15	0.91	0.51	80.00†	9.35	761.71	1146.9	8/6	781.3	14/10	1146.9	8/6/98	761.3	14/10/98

■ Hourly movements

	9.03	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	5613.5	5650.9	5667.4	5725.8	5719.0	5718.4	5718.8	5715.5	5751.9	5609.2
FTSE 250	4804.6	4819.2	4830.7	4835.6	4840.0	4841.2	4840.9	4848.6	4849.0	4804.6
FTSE 350	2661.1	2677.3	2684.9	2708.5	2706.2	2706.0	2706.1	2705.6	2718.5	2659.8
FTSE SmallCap	2049.87	2050.62	2051.16	2052.17	2052.32	2052.48	2052.57	2053.29	2053.78	2048.91
FTSE All-Share	2570.32	2585.23	2592.21	2613.96	2611.67	2611.76	2611.87	2611.37	2623.22	2569.04

Time of FTSE 100 High: 12:16:30Low: 9:03:45
Time of FTSE All-Share High: 12:16:00Low: 9:04:00

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FTSE 100	31/12/83	1000.00	Electricity	31/12/90	1000.00	FTSE SmallCap & ex Inv Tr	31/12/92	1363.79	Oil Exp & Prod Total Rets	31/12/93	1047.33
FTSE 250 & ex Inv Tr	31/12/85	1412.60	Water	29/12/89	1000.00	FTSE Fledgling	30/12/94	1000.00	FTSE Fledgling Total Ret	30/12/94	1000.00
FTSE 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	FTSE Fledgling ex Inv Tr	30/12/94	1000.00	FTSE Fledg ex Inv Tr Total Ret	30/12/94	1000.00
FTSE 350 ex Inv Tr	12/5/97	2247.50	FTSE All-Share	10/4/62	100.00	FTSE AIM	30/12/94	2000.00	FTSE AIM Total Return	12/5/97	1000.00
FTSE 350 Higher Yield	31/12/85	682.94	FTSE All-Share ex Inv Tr	12/5/97	2208.01	FTSE Total Return Indices	31/12/92	1000.00	FTSE 350 ex Inv Tr Total Return	12/5/97	1000.00
FTSE 350 Lower Yield	31/12/85	682.94	All Other	31/12/85	1000.00	FTSE Sectors' Total Ret	31/12/93	1000.00	FTSE All-Share ex Inv Tr TR Rets	12/5/97	1000.00

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FTSE INTERNATIONAL

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
ASDA	140	22	28½	32½	4½	8½	10
(*157)	160	10½	18	22½	12½	17½	19
Abbey Natl	1250	105½	159½	186	56½	103	125
(*1291)	1300	85½	135	172½	81	128½	150½
Allied Domecq	500	42	64½	74	21½	35½	47
(*515½)	550	20½	41½	51½	50	62½	74
BAA	650	54½	86½	94½	22½	40½	55½
(*675)	700	29½	58	66½	48	65½	80
Option		Jan	-	-	Jan	-	-
BAT Inds	650	53½	-	-	37½	-	-
(*660½)	700	33	-	-	61½	-	-
Option		Jan	Apr	Jul	Jan	Apr	Jul
Barclays	1300	116½	185	205	83½	137½	161½
(*1315½)	1350	93	141	182	109	163½	188
Bass	700	76½	95½	114	31	51	63
(*748)	750	43½	71½	90	58	77	87½
Boots	1000	72	106½	132½	46	66½	90
(*1012½)	1050	48	83½	107½	69½	91½	114½
Brit Airways	390	40½	61½	71	25½	41½	52½
(*401)	420	27½	46	57	40½	55½	68½
BP	900	74½	108½	132	38	61	80
(*928½)	950	50	83½	108	61½	88	105
British Steel	100	10	14½	17	7	9	15½
(*104)	110	5½	10½	13	13	15	22
Cable & Wire	700	74	113	137½	47	71½	89½
(*727½)	750	48½	90	113½	67	97½	116
CGU	900	105	144	176½	47	86	112
(*948½)	950	79½	118½	154½	71	113½	139
Glaxo	1900	136½	211	267	91½	149½	192
(*1931½)	2000	88½	161½	209	143½	200	243
HSBC 75p	1600	132½	187	220½	107½	164½	193
(*1608½)	1700	86	144	180	164	221½	248
Halifax	800	82½	106½	125½	36½	64	72
(*837½)	850	58	83	101	61	88	98½
ICI	500	76	99	108½	23	49	58
(*548)	550	47	74½	86½	45	75	85½
Land Secur	750	61½	87	98	15	29	43½
(*796½)	800	35	61	70	38	52	65½
Marks & S	420	40½	56½	65½	15½	24½	34
(*441)	460	20½	38½	47	34½	44½	54½
Natl Power	550	46½	62½	70	27½	39½	51
(*567)	600	19½	40	48	58½	68	79½
NatWest	1050	113	140	171½	61½	82	103
(*1087½)	1100	88	115	148	78	107	128½
Reuters	600	52	78½	100½	47½	71½	85
(*602)	650	31½	60	79½	75½	101	114
RoyalSun Al	450	59½	77½	91½	21½	42	52½
(*493)	500	39	57½	73½	49	62½	73½
Safeway	280	27½	40	49	11	19½	27
(*298)	300	16½	30½	38	19½	29½	37
Sainsbury	500	47½	65½	76½	15	32	38
(*525)	550	23½	42½	51½	40	57½	63½
Shell Trans	330	37	48	55	9½	17	21½
(*357½)	360	19½	32	39½	21½	30	35½
SmKl Bchm	750	56	80	110	42½	65½	77
(*759½)	800	34½	61	86½	70½	92	107
Std Chartd	650	63½	111½	131½	48	78½	92½
(*676)	700	61	88½	108½	74½	105½	119
Thames Wtr	1150	66	92	-	46½	69½	-
(*1175)	1223	42½	67½	-	77	98	-
Vodafone	850	66½	127½	153	56½	80	99
(*880½)	900	63	104	130	80½	105½	125
Woolwich	360	23	35½	44	16	26½	31½
(*384)	390	10	22½	31	34	43½	48½
Zeneca	2400	174½	265	322½	118½	195	236
(*2440)	2500	125	217	284	156½	241½	286½
Reed Intl	500	48	51	68½	31	54	54½
(*504½)	550	20	31½	48½	61	86	84
Option		Feb	May	Aug	Feb	May	Aug
BTR	90	10½	17	20	7	12½	10½
(*95)	100	7	13	16½	12½	19½	16½
Blue Circle	280	27½	46½	61	14½	24½	27
(*298)	300	20½	36	41½	24	34½	37
Brit Aero	500	53	77½	86	44½	62	70
(*503½)	550	31½	57	73½	74	91	98
Brit Telecom	850	79	111	134	59	87½	78½
(*878)	900	55	86½	110	75½	98	108
Cadbury Sch	800	78	108	136	56½	83	95½
(*808)	850	56½	83	112	80½	107½	121
Carlton Comm	460	41	53½	69	33	47½	52½
(*480)	500	26	37½	47	57	71	78

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Gallaher	390	46½	58	69½	17½	27½	33½
(*416½)	420	32	43	55	31	42½	48½
GEC	500	57	77½	93½	34	47	58
(*519)	550	34½	54½	70½	61	73½	82
Diageo	650	84	102	123½	40	61	67
(*686)	700	58	78	100	65	86½	92
Hanson	420	60½	67	79½	14½	26½	34
(*452½)	460	33½	47	60	34	47½	53
Impl Tobacco	650	43½	62½	78	33	41½	50
(*671)	700	22	41½	53	61½	68	76½
Kingfisher	550	68½	81½	101	35½	58½	69
(*584)	575	48	-	-	52½	-	-
Lasmo	140	22	27½	30	8	12	12½
(*152)	160	11½	18	20½	17½	22	23
Ladbroke	220	23	31½	38	20	26½	32
(*220)	240	15½	23½	31	32	40½	43½
LucasVty	200	22½	27½	34½	10½	15	19
(*208)	220	13	18½	25	21½	25½	29½
P & O	650	83½	98½	115½	26	44	53
(*697)	700	55½	73	88½	48	68½	77
Prudential	850	86½	119	140½	47½	72½	86½
(*883)	900	66	95	124½	73	97½	111½
RTZ	700	58	77½	95	46	71½	78½
(*703)	750	36	57	74	74½	102	107½
Option		Jan	May	Aug	Jan	May	Aug
Alls & Leics	900	66	103	125	34½	62½	70½
(*920)	950	40	77½	100½	60½	90	104
Option		Feb	May	Aug	Feb	May	Aug
Rolls-Royce	240	23	30	37½	18	25	28
(*242)	260	14½	21	29	29½	36	39
Tesco	167	22	-	-	7½	-	-
(*179)	183	13½	-	-	15	-	-
Utd Biscuits	238	20½	-	-	13½	-	-
(*242)	261	11	-	-	27	-	-
Option		Dec	Mar	Jun	Dec	Mar	Jun
BG	390	32	40½	63	7½	18½	28
(*414)	420	15	34½	46½	19	32	44
BSkyB	500	22	45	59½	18	36	46½
(*504)	550	7	26½	38½	50	65½	78
Brit Biotech	35	8	10	12½	2	5	7
(*39½)	40	3½	7½	10½	4½	8	10
Centrica	110	10½	16	20½	2½	6	8
(*118½)	120	4½	11	15½	8½	12½	12½
Dixons	650	57	87	100	16½	44	49½
(*691)	700	27½	66½	84	37	68½	74½
EMI	360	52½	58½	72	15	30½	39½
(*394)	390	38	44	60	29	46	55½
Granada	850	44	90	113	41	60½	93
(*856)	900	24	60½	90	70	100	128
GUS	600	46½	64½	80½	15½	37	42
(*623½)	650	16	41	58	41	63½	67½
LloydsTSB	800	80	111½	130½	22½	50	79½
(*844½)	850	42	87	119½	44½	84	105
Lonrho	300	25½	37	48	5½	17	22½
(*320)	330	9½	21½	28½	19	31	38½
Norwich U.	420	33	55½	70	12	36	40½
(*441½)	460	12½	31	51	32	48½	60½
Orange	650	58	74½	90	30	62½	79½
(*690½)	700	16	54	77½	69	92	107½
Railtrack	1650	126½	205	250	32½	86½	124
(*1694)	1700	80	163½	232	72	134½	174
Scot Power	600	59½	81	94	9	22	31
(*654½)	650	26	50	69½	29½	43½	53½
Tarmac	100	8½	13½	16½	3½	8	11
(*107)	110	3	9	12	8	13½	16½
Tomkins	260	13½	25½	33½	13	24	29
(*260)	280	6	17½	25	25	36	41
Unilever	800	58	86½	104	8½	28½	38
(*849½)	850	27	61½	78½	29½	48½	69

* Underlying security price. Premiums shown are based on settlement prices.
November 20 Total contracts, Equity and Index options: 39,528 Calls: 24,138 Puts: 15,390

NEW 52 WEEK HIGHS AND LOWS

NEW HIGHS (41).

GILTS (1) Treas Flg Rate 2001, CONSTRUCTION (1) Howard Hldgs, ELECTRICITY (3) Scottish Hydro, Scottish Power, Yorkshire, ELECTRNC & ELECT EQUP (2) Nokia Corp A, Toshiba Corp, ENGINEERING (1) Cammell Laird, EXTRACTIVE INDS (1) Oxus Resources, INSURANCE (1) Kiln, INVESTMENT TRUSTS (16) Australian Opports 3pc Cnv Ln 2007, Finsbury Inc & Growth Zero Div Pref, Fleming Inc & Cap Inv Tst Units, Fulcrum Inv Zero Pref, Gartmore British Zero Pref, Guinness Flight Extra Income Pref, INVESCO Geared Opp's Zero Div, Johnson Fry European Zero Pref, Johnson Fry Utilities Zero Pref, Jupiter Split Trust Zero Div Pref, Kleinwort Endowment Policy Trust, M & G High Income Inc, M & G Recovery Zero Div Pref, Murray Extra Rtn IT Zero Div Pf, Tribune Inv Trust Index, Yeoman Inv Zero Pref, INVESTMENT COMPANIES (1) East European Devpt Fund, MEDIA (1) HIT Entertainment, OTHER FINANCIAL (1) S & U 31 1/2pc Cum Pref, PHARMACEUTICALS (1) Lilly (E), TOBACCO (1) British American Tobacco, TRANSPORT (1) P & O 5 1/2pc Red Non-Cum Prf, AMERICANS (8) Abbott Labs, AmeriTech, Anheuser-Busch, Bell Atlantic, BellSouth Corp, Morris (P), Quaker Oats, Time Warner, US West.

NEW LOWS (58).

GILTS (3) Exchequer 12 1/4 pc 1999, Treasury 10 1/2 pc 1999, Treasury 8 1/2 pc Ln. 1999, BLDG MATLS & MCHTS (1) Caradon, CONSTRUCTION (1) Swan Hill, DISTRIBUTORS (3) Adam & Harvey, Sybase, ENGINEERING (5) BWI, Cooper (F), Europower, Haden MacLellan, Hadleigh, Hill & Smith, Locker, Tex Hldgs, Wagon, EXTRACTIVE INDS (2) Wardell Mining, Falcon Inv, FOOD PRODUCERS (1) Daniels (S), HOUSEHOLD GOODS & TEXT (3) Parkland Group, Smallshaw, Tandem, INSURANCE (2) Independent Insce, Lambert Fenchurch, LEISURE & HOTELS (4) Chibbas, Macdonald Hotels, PGA European Tour Courses, Queensborough, MEDIA (2) Arenzo, Dialog Corpn, PAPER, PACKG & PRINTG (3) Bemrose, British Polythene Inds, Jarvis Porter, PROPERTY (4) Benchmark, Development Secs, Great Portland Estates, MEPC, RETAILERS, GENERAL (4) Falkland Islands, Goldsmiths Group, Monsoon, Novara, SUPPORT SERVS (4) Danka Bus Systems, Greenway Hldgs, JBA, Sample Cochrane, TRANSPORT (1) Seacon, AIM (9) Access Plus, Ambishus Pub Co, Desire Petroleum, Future Integrated Telephony, IES, Pycroft & Arnold, Sosha Petroleum, Tradepoint Financial Network, Westmount Energy, CANADIANS (1) Dorion Inds.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1998 High	1998 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	-	53½	48	Anglian Water B	51½		-	-	-	-
-	F.P.	4.20	85	85	†Charriel	84		-	-	-	-
§	F.P.	6.10	117	107	Collective Assets Tst	117		-	-	-	26.3
-	F.P.	385.4	325½	229½	First Active	289½		-	-	-	17.4
-	F.P.	-	110¼	104	Five Arrows Chile	110¼	+1¾	-	-	-	-
-	F.P.	-	114¼	105¾	Do Uts Cv Ln 2040	114¾	+3	-	-	-	-
-	F.P.	-	18	6	Do Wts	9		-	-	-	-
*	F.P.	113.1	236½	200	Garban	223½		★20.54	2.2	9.7	5.0
§	F.P.	21.7	103	100½	Guinness Fl Gbl 185	102½		-	-	-	-
§	F.P.	6.50	107½	101	Do Inc	107½	+1	-	-	-	-
§	F.P.	15.9	108	100	Do Zero Div Pf	105¾	+¼	-	-	-	-
§55	F.P.	14.7	65½	56½	††Honeycombe Leisure	65		-	-	-	10.3
-	F.P.	5.68	102	100	INVESCO Recovery	101¾	+¼	FP4.05	-	9.5	-
-	F.P.	6.87	104	100¾	Do Zero Div Pref	103¾	+¼	-	-	-	-
§87	F.P.	7.05	103	79½	MSW Technology	86		-	-	-	13.0
-	F.P.	37.3	12½	10	Marley B	11		-	-	-	-
§	F.P.	5.17	5½	4¾	†Natural Bldg Mts	5¼		-	-	-	-
§	F.P.	2.10	105	105	†Do Cnv Prf	105		-	-	-	-
§	F.P.	13.8	27½	27¼	†Offshore Tool & En	27½		-	-	-	-
-	F.P.	-	62½	50½	†Old Monk Company	53½		-	-	-	13.5
-	F.P.	7.48	93	90½	Piccadilly Growth	90½		1.6	0.8	2.2	71.0
100	F.P.	-	103	94	REXAM B	97		-	-	-	-
-	F.P.	-	15	14	Thistle Hotels Prf	14	-½	-	-	-	-
-	F.P.	-	15	5	Xenova Warrants	13½		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1998 High	1998 Low	Stock	Closing price p	+or-
44	Nil	27/11	2½pm	1¼pm	Advanced Medical	1¼pm	
145	Nil	7/12	4½pm	3½pm	Bloomsbury Publ	4pm	
3	Nil	7/12	0.75pm	0.62pm	Dares Estates	0.62pm	

pm premium.

STOCK MARKET TRADING DATA

	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Yr ago
SEAQ bargains	77,292	83,597	53,628	58,879	62,862	57,819
Equity turnover (£m)†	-	3218.3	2653.8	3071.7	2452.4	2378.0
Equity bargains†	-	52,361	47,864	52,343	50,984	38,298
Shares traded (m)†	-	881.3	782.7	816.8	687.7	680.2
Total market bargains‡	-	62,476	55,443	59,653	60,570	-
Total turnover (£m)‡	-	3952.6	3385.2	3711.6	3251.9	-
Total shs traded (m)‡	*926.7	1069.7	990.8	958.6	875.0	-
Tradepoint turnover (£m)	20.9	27.0	24.4	21.4	58.3	44.2
Tradepoint shs traded(m)†	9.4	12.3	9.9	6.3	54.0	17.4

†Excluding intra-market and overseas turnover but including Creat turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover.

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING MATS. & MERCHANTS

CHEMICALS

CONSTRUCTION

CONSTRUCTION - Continued

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Continued

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

FOOD PRODUCERS - Continued

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Continued

HOUSEHOLD GOODS & TEXT

INSURANCE

INSURANCE - Continued

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Continued

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LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

Approved by the Inland Revenue

Net asset values supplied by BT Alex Brown International as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Continued

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Continued

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Continued

SUPPORT SERVICES

SUPPORT SERVICES - Continued

TELECOMMUNICATIONS

TOBACCO

TRANSPORT

TRANSPORT - Continued

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

TRADED INDEX SECURITIES

FTSE 100 TRAINS

AIM - Continued

AIM

Alternative Investment Market

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GUIDE TO LONDON SHARE SERVICE

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Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 index constituents and reserves, contained in the Trading Volume table on the LSE page, last trade prices at or prior to 4.30pm market close are shown, on those shares are now traded on the Stock Exchange Electronic Trading System (SETS). Highs and lows are based on mid-day mid-prices unless last trades.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Earnings used in calculations are based on IMS 'Headline Earnings'formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid prices, and gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Prm +) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

* Highs and lows marked thus have been adjusted to allow for capital changes.
1 Interim since increased or reserved
2 Interim since reduced, passed or deferred
♦ Figures or report awaited
♥ Rule 2.5(a)(iv) Dividends uncorrected companies listed on an approved exchange
♣ Free annual/interim report available: see details below
‡ Rule 4.25(a) Rest incorporated non-listed companies.
# Price at time of suspension
: indicated dividend yield after pending scrip and/or rights issue
◆ Merger bid or reorganisation in progress
§ Forecast dividend yield: p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Annualised dividend yield after rights issue.
d Annualised yield after capitalisation of reserves.
e Yield based on prospectus or other official estimates for 1998.
f Yield based on prospectus or other official estimates for 1999.
g Annualised yield after pending scrip and/or rights issue.
h Yield based on prospectus or other official estimates for 1999.
i Estimated annualised yield, p/e based on latest annual earnings.
j Dividend yield is based on prospectus or other official estimates for 1999-00.
k Dividend or yield in whole or part are in TD. Foreign income dividend.
l Forecast annualised yield, p/e based on prospectus or other official estimates.
m Pro forma figures.
z Dividend yield to date.

Abbreviations:
ex dividend.
ex scrip issue.
xr ex rights.
xc ex all.
xd ex capital distribution.

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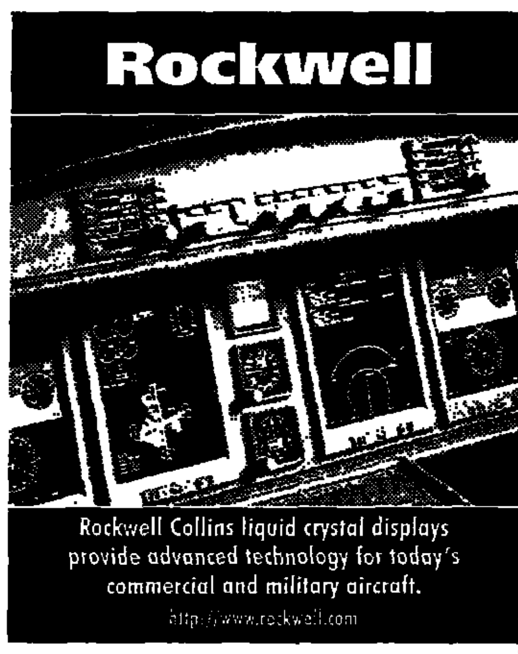
NORTH AMERICA

UNITED STATES (Nov 20 / US$) (3 pm)

[illegible]

CANADA (Nov 20 / Can. $) (3 pm)

[illegible]



EUROPE

AUSTRIA (Nov 20 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Nov 20 / Frs.)

[illegible]

DENMARK (Nov 20 / Kr)

[illegible]

FINLAND (Nov 20 / Mkka)

[illegible]

FRANCE (Nov 20 / Frs.)

[illegible]

GERMANY (Nov 20 / Dm.)

[illegible]

IRELAND (Nov 20 / Punt)

[illegible]

ITALY (Nov 20 / Lire)

[illegible]

NETHERLANDS (Nov 20 / Fls.)

[illegible]

NORWAY (Nov 20 / Kroner)

[illegible]

SPAIN (Nov 20 / Pts.)

[illegible]

SWEDEN (Nov 20 / Kronor)

[illegible]

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AFRICA

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PACIFIC

JAPAN (Nov 20 / Yen)

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AUSTRALIA (Nov 20 / Aust$)

[illegible]

HONG KONG (Nov 20 / H.K.$)

[illegible]

MALAYSIA (Nov 20 / MYR)

[illegible]

SINGAPORE (Nov 20 / S$)

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EASDAQ - see Managed Funds pages

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NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $. PLEASE NOTE: Variations for all European exchanges now unavailable for today's edition.

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INDICES

	Nov 20	Nov 19	Nov 18	1998 High		1998 Low	
Argentina							
General(29/12/77)	(u)	18851.47	18536.84	23489.47	23/3	12308.14	10/9
Australia							
All Ordinaries(1/1/80)	2703.6	2680.8	2698.7	2881.48	16/4	2468.20	1/9
All Mining(1/1/80)	625.6	629.8	625.0	713.10	23/4	469.80	31/8
Austria							
Credit Aktien(30/12/84)	(u)	375.36	377.01	584.24	28/5	348.44	8/10
ATX Index(2/1/91)	1136.99	1108.12	1108.34	1628.56	28/5	982.06	1/10
Belgium							
BEL20(1/1/91)	3225.71	3175.09	3155.05	3633.07	20/7	2367.78	10/1
Brazil							
Bovespa(29/12/83)	(c)	8318.0	8547.0	12259.00	15/4	4761.60	10/9
Canada							
Metals Minls(1975)	(u)	3431.29	3400.07	4380.01	10/3	2808.10	31/8
TSE300Comp(1975)	(u)	6439.62	6342.19	7822.30	22/4	5338.70	5/10
Portfolio§§	(u)	3287.32	3225.79	3885.81	25/5	2719.24	5/10
Chile							
IGPA Gen(31/12/80)	(u)	3854.68	3768.18	4881.95	17/3	2980.95	14/9
Denmark							
CopenhagenSE(3/1/83)	604.57	603.74	604.96	778.84	7/4	586.95	9/10
Finland							
Hex General(28/12/90)	4721.93	4650.52	4511.86	5603.43	21/7	3229.43	12/1
France							
SBF 250(31/12/90)	2415.61	2361.83	2312.95	2798.73	17/7	1873.10	12/1
CAC 40(31/12/87)	3802.70	3706.78	3612.50	4388.48	17/7	2862.54	12/1
Germany							
FAZ Aktien(31/12/58)	1540.56	1502.15	1502.71	1940.80	20/7	1260.90	2/10
Commerzbank(1/12/53)	4508.00	4392.80	4411.40	5712.80	20/7	3689.20	2/10
DAX(30/12/87)	4911.88	4795.69	4898.72	6171.43	20/7	3896.08	8/10
Greece							
Athens General(31/12/80)	2464.0	2433.85	2352.60	2825.52	21/7	1380.13	29/1
FTSE/ASE 20 (24/9/97)	1521.67	1504.31	1441.38	1727.13	21/7	735.18	29/1
Hong Kong							
Hang Seng(31/7/64)	10233.38	10313.30	10213.42	11810.63	25/3	6660.42	13/8
India							
BSE Sens.(1979)	2941.39	2964.87	3003.25	4280.96	21/4	2764.16	20/10
Indonesia							
Jakarta Comp.(10/8/82)	403.85	379.12	369.89	554.10	3/2	256.83	21/9
Ireland							
ISEQ Overall(4/1/88)	4661.93	4588.39	4545.69	5471.81	21/4	3745.11	8/10
Italy							
Banca Com Ital(1972)	1347.48	1324.74	1304.96	1654.38	7/4	1093.50	9/10
MIB General(2/1/98)	1278.0	1257.0	1238.0	1688.00	7/4	1011.00	9/10
Japan							
Nikkei 225(16/5/49)	14779.94	14354.46	14599.23	17264.34	2/3	12879.97	9/10
Nikkei 300(1/10/82)	228.85	220.34	222.57	257.43	10/2	192.38	9/10
Topix(4/1/68)	1130.74	1104.00	1113.42	1300.39	10/2	980.11	15/10
2nd Section(4/1/68)	1137.95	1124.39	1119.55	1401.27	12/2	1028.84	13/10
Malaysia							
KLSE Comp.(4/4/86)	461.56	458.58	458.34	745.36	27/2	262.70	1/9
Mexico							
IPC(Nov 1978)	(u)	3995.62	4059.24	5204.60	2/1	2856.10	10/9
Netherlands							
CBS TtlRtnGen(End 83)	1248.3	1214.3	1199.7	1493.09	20/7	974.90	8/10
CBS All Shr(End 83)	701.8	682.1	674.0	846.60	27/7	548.10	8/10
New Zealand							
Cap. 40(1/7/86)	1976.23	1969.28	1975.95	2350.02	20/3	1869.24	2/10
Norway							
Oslo SE Ind(2/1/83)	1612.31	1584.83	1562.01	2370.66	4/5	1359.78	8/10
Philippines							
Manila Comp(2/1/85)	1841.69	1819.01	1820.77	2311.42	25/3	1082.18	11/9
Portugal							
BVL 30(4/1/93)	4846.70	4815.82	4769.15	6178.89	22/4	3599.08	2/10
Singapore							
SES All-S'pore(2/4/75)	370.72	364.19	354.37	437.98	19/3	253.50	4/9
South Africa							
JSE Gold(28/9/78)	1039.3	1074.4	1039.4	1310.80	8/10	672.60	18/3
JSE Ind.(28/9/78)	6595.8	6555.7	6526.0	9842.70	20/4	5246.90	11/9
South Korea							
KoreaCompExt(4/1/80)	452.93	441.06	423.74	574.35	2/3	280.00	16/6
Spain							
Madrid SE(30/12/85)	829.58	813.59	790.34	947.62	17/7	642.25	5/10
Sweden							
AffarsvardsGen(1/2/37)	(u)	3205.8	3177.0	3955.69	20/7	2411.78	8/10
Switzerland							
SMI Index(1/7/88)	7138.0	6993.8	6950.9	8412.00	21/7	6128.50	5/10
SPI General(1/9/87)	4476.19	4394.07	4310.52	5237.39	20/7	3311.28	5/10
Taiwan							
Weighted Pr.**(30/6/66)	7380.53	7300.34	7100.14	9277.09	2/3	6251.38	3/9
Thailand							
Bangkok SET(30/4/75)	371.93	358.56	345.13	558.92	3/2	207.31	4/9
Turkey							
IMKB Nat 100(1986)	2333.53	2243.09	2182.43	4530.99	16/7	1862.28	8/10
WORLD							
MS Capital Intl(1/1/70)	(u)	1077.5*	1071.1	1143.80	20/7	888.50	12/1
CROSS-BORDER							
FTSE E300 (25/7/97)	1136.28	1113.17	1088.44	1327.68	20/7	893.65	5/10
FTSE E100(26/6/90)	2643.38	2588.81	2525.95	3086.81	20/7	2049.81	8/10
HSBC Dlgn(31/12/88)	(u)	221.92	217.58	273.81	26/3	181.71	5/10
ING Barings Emrg(7/1/92)	(u)	116.74	114.71	160.06	23/4	88.64	11/9

US INDICES

Dow Jones	Nov 19	Nov 18	Nov 17	1998 High	1998 Low	Since compilation High	Since compilation Low
Industrials	9056.05	9041.11	8986.28	9337.97 (17/7)	7539.07 (31/8)	9337.97 (17/7/98)	41.22 (8/7/32)
Home Bonds	106.17	106.31	106.12	107.82 (5/10)	104.42 (11/6)	107.82 (5/10/98)	54.99 (1/10/81)
Transport	2956.88	2966.08	2927.82	3686.02 (16/4)	2345.00 (8/10)	3686.02 (16/4/98)	13.23 (8/7/32)
Utilities	308.34	309.27	309.06	328.51 (8/10)	262.86 (9/1)	328.51 (8/10/98)	10.53 (8/7/32)

DJ Ind. Day's high 9147.96 (9095.70) Low 8967.22 (8997.96) (Theoretical)
Day's high 9087.72 (9041.11) Low 9010.73 (8957.18) (Actual)

Standard and Poors	Nov 19	Nov 18	Nov 17	1998 High	1998 Low	Since compilation High	Since compilation Low
Composite‡	1152.61	1144.48	1139.32	1186.75 (17/7)	927.69 (9/1)	1186.75 (17/7/98)	4.40 (1/6/32)
Industrials	1378.82	1366.59	1357.38	1380.48 (17/7)	1077.40 (9/1)	1380.48 (17/7/98)	3.52 (30/6/32)
Financial	125.23	124.26	124.86	147.69 (14/7)	95.80 (8/10)	147.69 (14/7/98)	7.13 (4/9/74)
Others							
NYSE Comp.	566.75	563.46	561.02	600.75 (17/7)	477.20 (8/10)	600.75 (17/7/98)	4.64 (25/4/42)
Amex Comp	673.22	667.85	666.89	753.67 (22/4)	563.75 (8/10)	753.67 (22/4/98)	524.20 (18/7/98)
NASDAQ Cmp	1919.68	1897.44	1878.52	2014.25 (20/7)	1419.12 (8/10)	2014.25 (20/7/98)	54.87 (31/10/72)
Russell 2000	394.37	392.12	389.43	491.41 (21/4)	310.28 (8/10)	491.41 (21/4/98)	123.36 (7/12/93)

RATIOS

	Nov 13	Nov 6	Oct 30	Year ago
Dow Jones Ind. Div. Yield	1.69	1.68	1.75	1.78

	Nov 18	Nov 11	Nov 4	Year ago
S & P Ind. Div. yield	1.25	1.29	1.30	1.50
S & P Ind. P/E ratio	33.53	32.96	32.70	25.38

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
AmOnLne	16,258,900	83¾	-
Compaq	10,898,400	33⅞	-⅛
Cendnt	10,041,300	14¼	+⅛
Citigrp	7,816,200	44⅞	+⅛
LucentTch	6,941,700	88	-1⅛
PhMorr	6,435,200	55⅜	+⅛
Iomega Cp	5,604,500	8⅝	+⅛
Txinst	5,201,300	77⅝	+5⅛
MediOne	4,915,700	37⅝	-1⅛
Disney	4,821,900	28⅛	-⅛

TRADING ACTIVITY

Volume (million)	Nov 19	Nov 18	Nov 17
New York SE	675.973	650.310	701.110
Amex	24.898	22.538	25.931
NASDAQ	988.973	905.451	829.770
NYSE			
Issues Traded	3,514	3,530	3,526
Rises	1,690	1,493	1,481
Falls	1,258	1,525	1,497
Unchanged	566	512	550
New Highs	74	54	58
New Lows	32	30	33

S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	1157.70	1164.30	+5.60	1165.90	1156.90	87,468	398,173

Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	14540.0	14800.0	+440.0	14830.0	14540.0	33,863	190,401

Open interest figures for previous day.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (MATIF/MONEP) (200 x Index)							
Nov	3748.0	3813.0	+100.0	3823.5	3740.0	81,040	199,156
Dec	3748.0	3822.0	+100.0	3833.0	3748.0	5,271	78,181
DAX							
Dec	4860.0	4934.0	+115.5	4947.0	4853.0	22,450	79,010
Mar	4900.0	4954.0	+98.0	4979.0	4900.0	101	3,854
OMX							
Nov	679.00	673.00	-	680.00	673.00	26,146	180,049
Dec	682.00	676.75	+2.50	682.00	675.50	17,698	33,229
SOFFEX							
Dec	7030.0	7140.0	+139.0	7162.0	7025.0	27,883	154,381
Mar	7144.0	7155.0	+130.0	7186.0	7129.0	281	5,008

** Sat Nov 14 Taiwan Weighted Price Ind; Korea Comp Ex 414.22. Base values of all indices are 100 except: Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall, Toronto Comp./Metl & Mins, DAX - 1,000; SMI - 1500; JSE Gold - 255.7, JSE 20 Ind - 264.3; IMKB Nat 100 - 1, NYSE All Common - 50; Stand & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ XETRA-DAX after-hours index: Nov 20 - 4911.43 +105.74.

† Correction. * Calculated at 15:00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.

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WORLD STOCK MARKETS

Small-caps left behind in Dow's wake

AMERICAS

Blue chips raced ahead on Wall Street in midday trading, sending the Dow Jones Industrial Average back above the 9,100 level, but technology and small-cap shares were left behind, *writes John Labate in New York.*

After a lacklustre couple of sessions since the Federal Reserve's interest rate cut on Tuesday, Dow shares led the market higher, in part on fresh enthusiasm for financial shares.

By early afternoon the Dow was 74.15 or 0.8 per cent higher at 9,130.20, its best level since late July. The broader Standard & Poor's 500 index gained 7.02 at 1,159.63.

The expiry of options, known as "double-witching", helped to raise the level of yesterday's activity. J.P. Morgan was one of the Dow's best performers, gaining $2⅝ at $109. Other banking shares pushed ahead, with Bankers Trust nearly 6 per cent higher at $76⅝ on speculation that the company was about to be taken over by Deutsche Bank.

Following several strong sessions the high-tech sector cooled off, with the Nasdaq composite index up just 1.65 at 1,921.33. The Russell 2000 index of small-company shares was down less than one point at 393.87.

"Techs are getting hit because internet stocks are taking a breather," said Warren Epstein, director of trading at Richard Rosenblatt & Co. "It's just some profit-taking after a dramatic move."

Despite the choppy trade, online bookseller Amazon.com, surged $16⅝ or more than 10 per cent to $169⅝. Shares of Yahoo! were down $⅝ at $185¼ after J.P. Morgan analysts cut its rating to "long-term buy".

Qwest Communications fell $⅝ to $42¼ after J.P. Morgan downgraded the stock to "market perform" from "buy".

In the car sector, DaimlerChrysler gained $2⅞ to $91 after CS First Boston initiated coverage with a "buy" recommendation.

TORONTO traded higher at midsession, boosted by the banking sector, where the earnings season was well under way. The TSE-300 composite index was 50.28 higher at 6,489.90 in volume of almost 40m shares.

Unexpectedly strong earnings sent Toronto-Dominion Bank C$2.25 higher to C$48.65, while Royal Bank of Canada was marked up C$1.60 to C$73.30 as investors awaited its year-end report, due before the market closed.

SAO PAULO moved up in early trade as investors responded to market rises in Europe and Asia.

At midsession the Bovespa index was up 211 or 2.5 per cent at 8,528.

BUENOS AIRES was also lifted by strong performances on overseas exchanges. At midsession the Merval index was 15.78 or 3.3 per cent higher at 499.38.

LIMA jumped 5.3 per cent as mining companies benefited from a rise in international zinc prices. The general index climbed 76.17 to 1,512.43.

Amsterdam blue chips outpace small-caps

EUROPE

Investor enthusiasm for leading stocks helped AMSTERDAM power ahead of other European markets.

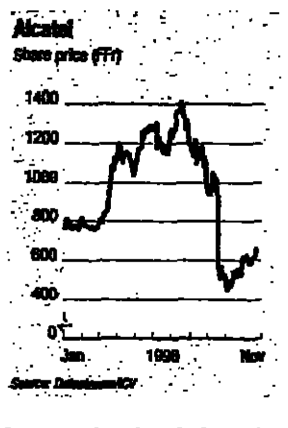
The AEX large-company index closed 36.67 or 3.4 per cent higher at 1,109.83.

AEX stocks outperformed smaller companies, with the all share index rising only 1.6 per cent. "Investors are switching to a pan-European focus and are looking at the larger caps," said Thijs Berkelder, an analyst for HSBC Securities.

There were signs of recovery in the share prices of businesses that have been punished recently by investors fearful of a cyclical downturn. Akzo Nobel, the chemicals company, rose Fl 5.80 or 8.1 per cent to Fl 77.10, while Hoogovens, the metals producer, ended Fl 4.80 or 8.9 per cent higher at Fl 59.

PARIS moved up as financial stocks performed strongly in a heavy day's trading. The CAC-40 index closed 95.94 or 2.6 per cent higher at 3,802.70.

Alcatel, the telecommunications equipment group, was one of several industrial stocks that made solid gains. Alcatel shares closed FFr31 or 4.9 per cent higher at FFr660 – still some way down on the closing price of FFr927 registered on September 16, the day before the group issued a profits warning.



FRANKFURT was supported by the stronger dollar and firm opening on Wall Street. The Xetra Dax index finished 105.74 or 2.2 per cent higher at 4,911.48.

Viag was a sharp early riser on suggestions that the proposed tie-up with Alusuisse would take the form of a merger and not, as previously suspected, a takeover.

However, Viag pulled back from the day's peak of DM1,080 to close just DM1 higher at DM1,026 when some investors read a steep rise in the Alusuisse share price as suggesting that the Swiss group was more likely to sell part of its business than enter into a merger.

Metals and trading group Metallgesellschaft shot up DM2.10 or 9.2 per cent to DM25 as the group unveiled higher full-year results. Analysts noted, however, that the shares had almost halved from their summer peak as the Russian financial crisis and higher raw materials costs weighed on sentiment.

Cars benefited from a stronger dollar. DaimlerChrysler, which made its trading debut on Tuesday, rose for a fourth straight session, up DM6.70 to DM154.25.

THE WEEK'S CHANGES

	% Change
Amsterdam	+7.4
Helsinki	+7.3
Paris	+6.7
Zurich	+6.5
Frankfurt	+5.8
Madrid	+5.4
Milan	+4.4

Banks had a good day. HypoVereinsbank picked up DM6 to DM129 in largely technical trade and Dresdner, Deutsche and Commerzbank all rose more than 3 per cent.

MILAN was helped by the retreat in concerns over Latin America, and the Mibtel index closed up 364 or 1.7 per cent at 21,541.

Telecom Italia rose L458 to L13,330 on favourable nine-month results. The shares managed to shrug off news of a downgrade by Goldman Sachs, which pointed to the arrival of new competitors next year.

Edison rose L247 to L16,537 on news that a broker had issued a L18,500 target for the shares. Pirelli was up L70 at L4,980 on share buy-back expectations, while Fiat gained L98 to L4,782 on receding fears over Latin America.

MADRID was led by strength in Telefónica, with the general index closing up 14.99 or 1.8 per cent to 828.58.

Overseas buying helped Telefónica, which rose Pta160 or 2.4 per cent to Pta6,840. A 5 per cent rally in Telefónica's ADRs in New York triggered active trade.

Banks also stepped into the limelight, with stocks that suffered the heaviest selling following jitters over the Brazilian economy gaining the most ground. BCH was the most active issue of the day, rising Pta80 to Pta1,570. Banco Bilbao Vizcaya was up Pta50 to Pta2,110 and Santander advanced Pta70 to Pta2,745.

Construction companies were higher on hopes of an increase in public contracts and an expanding housing market.

FCC rose Pta400 or 4.8 per cent to Pta8,800, Dragados y Construccion rose Pta210 or 4.9 per cent to Pta4,460 and ACS gained Pta125 or 2.6 per cent to Pta4,875.

Written and edited by Michael Morgan, Emiko Terazono, Paul Grogan and Michael Peel

FTSE Actuaries Share Indices — European series

Produced in conjunction with the Faculty and Institute of Actuaries

November 20 National & Regional Markets	Ecu index	Day's %	change points	Yield gross %	xd adj ytd	Total retn (Ecu)
FTSE Eurotop 300	1136.28	+2.08	+23.11	2.41	30.37	1175.47
FTSE Eurotop 100	2643.38	+2.12	+54.77	2.42	38.38	948.81
FTSE Eblоc 100	946.55	+2.46	+22.73	2.23	14.82	980.57
FTSE EuroMid	1103.65	+1.23	+13.46	2.97	0.15	1141.52
FTSE EuroMid Ebloc	1156.04	+1.50	+17.04	2.50	0.02	1179.88
FTSE EuroMid Ex UK	1153.34	+1.45	+16.48	2.40	0.02	1174.30
FTSE Eurotop 300 Regions						
Eurobloc	1184.65	+2.36	+27.36	2.12	21.39	1208.71
UK	1062.04	+1.78	+18.58	2.89	49.38	1131.16
Europe Ex-Eurobloc	1098.21	+1.77	+18.12	2.73	38.23	1148.67
Europe Ex-UK	1179.37	+2.22	+25.68	2.18	19.78	1201.21
FTSE Eurotop Industry Sectors						
RESOURCES	873.04	+1.22	+10.50	3.27	29.22	912.86
Extractive Industries	742.52	-0.83	-6.33	4.65	14.54	758.20
Oil, Integrated	845.58	+1.31	+10.91	3.21	21.73	866.05
GENERAL INDUSTRIES	1029.89	+1.88	+19.02	2.67	21.16	1051.51
Construction	669.93	-0.31	-2.72	3.18	11.06	680.04
Building Matls & Merchs	879.39	-0.45	-3.97	2.54	8.96	888.98
Chemicals	855.38	+1.38	+11.66	2.83	17.45	870.48
Diversified Industrials	925.42	+0.89	+8.16	2.56	22.61	948.58
Electronic & Elect Equip	913.60	+1.79	+16.08	1.82	5.41	918.58
Engineering	826.66	+1.83	+14.89	4.03	11.68	838.72
Paper, Pckg & Printing	810.63	+2.70	+21.29	2.87	1.21	811.84
CONSUMER GOODS	1181.46	+1.40	+16.34	1.59	50.08	1249.48
Automobiles	871.88	+3.89	+32.63	2.61	10.25	879.87
Alcoholic Beverages	939.96	+0.50	+4.72	2.83	206.79	1400.28
Food Producers	1005.00	+1.78	+17.59	1.52	11.64	1016.81
Household Goods & Texts	1004.12	+2.07	+20.33	1.89	7.88	1011.84
Healthcare	864.29	-0.81	-7.08	1.35	13.51	877.22
Pharmaceuticals	1036.27	+1.25	+12.74	1.24	5.27	1041.89
Tobacco	1269.60	+2.71	+33.51	3.97	15.88	1267.05
SERVICES	1150.10	+1.80	+20.37	2.06	22.71	1181.88
Distribution	763.72	+1.70	+12.78	2.85	11.37	772.30
Leisure & Hotels	703.87	+1.28	+8.87	3.52	12.27	713.08
Media	990.74	+2.12	+20.53	2.23	10.88	1001.32
Retailers, Food	1033.50	+1.52	+15.52	1.98	14.17	1048.45
Retailers, General	971.01	+1.97	+18.75	3.24	20.46	991.03
Telecommunications	1089.82	+2.13	+22.68	1.79	13.02	1103.06
Breweries, Pubs & Rests	748.70	+0.17	+1.25	3.57	16.00	761.94
Support Services	918.79	+2.73	+24.48	1.60	9.87	928.54
Transport	946.07	-0.05	-0.44	2.61	18.24	963.51
Information Technology	888.45	+1.04	+9.20	0.41	2.33	891.57
UTILITIES	1460.87	+1.27	+18.32	3.04	55.62	1542.59
Electricity	1101.49	+1.39	+15.05	3.20	26.23	1130.91
Gas Distribution	1185.76	+0.91	+10.73	1.57	93.32	1305.59
Water	1044.93	+1.28	+13.24	4.85	38.72	1084.84
FINANCIALS	1207.09	+3.14	+36.79	2.71	27.40	1239.46
Banks,Retail	838.20	+3.60	+29.02	3.49	13.08	847.53
Insurance	636.54	+2.68	+24.49	1.48	11.79	847.84
Life Insurance	1099.49	+2.31	+24.86	1.77	12.98	1113.76
Other Financial	837.52	+2.37	+19.41	2.31	15.95	851.51
Investment Companies	931.24	+2.30	+20.90	1.48	20.66	948.65
Property	680.62	-0.90	-6.18	3.63	16.01	893.12

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Tokyo welcomes new coalition

ASIA PACIFIC

Shares in TOKYO surged to a two-and-a-half-month high after the Liberal Democratic party and the Liberal party announced on Thursday they would form a coalition.

Investors were also cheered by reports that more big banks would be raising capital in order to write off bad loans, *writes Naoko Nakamae in Tokyo.*

THE WEEK'S CHANGES

	% Change
Jakarta	+13.5
Seoul	+11.9
Singapore	+11.7
Bangkok	+11.4
Taipei	+8.1
Manila	+7.6
Karachi	+5.0
Tokyo	+3.6
Hong Kong	+2.4
Sydney	+0.8
Kuala Lumpur	-0.9
Bombay	-1.2

The Nikkei 225 Average rose steadily, climbing 3 per cent or 425.48 to close at 14,779.94. Other indices were also up, with the weighted Nikkei 300 index rising 2.9 per cent or 6.41 to 226.65, while the broader Topix index of first-sector stocks climbed 2.42 per cent or 26.74 to 1,130.74.

Volume was moderate at 500m shares, with 960 issues rising and 215 falling.

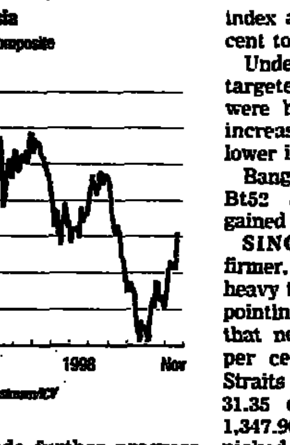
Hopes that the new coalition would cut sales tax buoyed retailers. The sector was the strongest performer of the day, posting a 4.5 per cent increase. Ito-Yokado, the supermarket chain, rose 9.17 per cent or Y670 to Y7,980. FamilyMart, the convenience store operator, was up 4.9 per cent at Y6,000.

Toshiba, the busiest stock of the day, gained 3.68 per cent to finish at Y677.

In Osaka, the OSE index climbed 197.74 or 1.3 per cent to 15,160.49.

JAKARTA jumped to a three-month high as foreign investors chased blue-chips. The composite index closed up 24.53 or 6.5 per cent at 403.65. The index last ended above 400 on August 19.

Several companies that achieved big gains on Thursday made further progress yesterday as investors took comfort from the stability of the rupiah. Indofood, the food manufacturer, climbed Rp650 or 18.3 per cent to Rp4,200 on expectations of improved results this year.



Hanjaya Mandala Sampoerna, the cigarette company, up 15.1 per cent on Thursday, jumped another Rp900 or 19.7 per cent to Rp5,475.

BANGKOK rallied on foreign buying and the SET index added 13.37 or 3.7 per cent to 371.93.

Underweight foreign funds targeted blue chips. Banks were higher with hopes of increasing liquidity due to lower interest rates.

Bangkok Bank rose Bt5 to Bt52 and Siam Cement gained Bt90 to Bt542.

SINGAPORE closed firmer, but off its highs in heavy trade in spite of disappointing trade data showing that non-oil exports fell 4.8 per cent in October. The Straits Times index put on 31.35 or 2.4 per cent to 1,347.90 in volume that picked up to almost 700m shares.

Dealers said retail investors rushed in to buy, following in the footsteps of institutional investors over the previous two days.

SEOUL ended at a seven-month high after a week of gains founded on a belief that overseas investors had increased their holdings of Korean stock.

The composite index closed 11.87 or 2.7 per cent higher at 452.93.

Jo'burg tracks Europe

SOUTH AFRICA

Johannesburg followed firmer European markets in lethargic pre-weekend trade that took the overall index up 36.2 to 5,767.8.

Industrials put on 40.1 to 6,595.8, but golds tumbled 34.5 or 3.2 per cent to 1,039.9, pulled lower by a bullion price of around $295.60.

Financials gained 1.7 per cent on hopes of a further easing in interest rates. Retail bank Absa climbed 55 cents to R27.50 ahead of interim results on Monday.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

The data is delivered by Extel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available. # Bargains at special prices. * Bargains done the previous day.

UK Treasury Strips

UK Treasury Strip 07Jun1999Cpn - 98.747223
UK Treasury Strip 07Dec1999Cpn - 94.233418
UK Treasury Strip 07Jun2000Cpn - 91.893781
UK Treasury Strip 07Dec2000Cpn - 89.808362
UK Treasury Strip 07Jun2001Cpn - 87.670571
UK Treasury Strip 07Dec2001Cpn - 85.652936
UK Treasury Strip 07Jun2002Cpn - 83.788896
UK Treasury Strip 07Dec2002Cpn - 81.930564
UK Treasury Strip 07Jun2003Cpn - 80.112956
UK Treasury Strip 07Dec2003Cpn - 78.319123
UK Treasury Strip 07Jun2005Cpn - 73.25 (13No98)
UK Treasury Strip 07Dec2005Cpn - 70.48 (13No98)
UK Treasury Strip 8½% 07Dec2005Principal - 4.81

Corporation and County Stocks

Leeds Corp 2½% Red Stk 1927 (or after) - 45 (18No98)
Leeds Corp 3% Deb Stk (in or after) 1927 - 52 (18No98)
Leicester (City of) 7% Ln Stk 25/1/2019 - 111.34 ¾ (17No98)

UK Public Boards

Port of London Authority 3% Port of London'A'Stk 29/99 - 97⅞ (16No98)

Commonwealth-Government

South Australian 3% Cons Insc Stk 1916 or after (Regd) - 60 (17No98)

Foreign Stocks, Bonds, etc- Coupons Payable in London

Abbey National Treasury Servs PLC 6% Bds 10/8/99 £1000 (Br) - 99.57 .58
BAA PLC 5¾% Cnv Bds 29/3/06 £ (Br) - £1.269625 (18No98)
BAA PLC 5¾% Cnv Bds 2008 - 125½ (18No98) 6 (18No98)
Compass Group PLC 5.75% Cnv Bds 2007 £ (Var) - 161 3½ (12No98)
Great Portland Estates PLC 5¾% Cnv Bds 2009 £ (Var) - 91 (18No98)
Halifax PLC Coll Flg Rte Nts 02/2003 £ (Var) (Br) - £102½ (18No98)
Halifax PLC Coll Flg Rte Nts 02/2003 £ (Var) (Br) - £102½ (18No98)
Japan Development Bank 7⅞% Gtd Nts 10/06/03 £ (Var) (Br) - 103.82 .91 (13No98)
Kansai International Airport Co Ld 7.375% Gtd Bds 2007 £ (Var) (Br) - 108.1 (13No98)
Mercury Keystone Inv Tst PLC 6.5% Bds 2023 £ (Var) (Br) - 110⅝ (18No98)
National Westminster Bank PLC 11½% Und Sub Nts (Cnv to Prf) (Br) - 147 (18No98)
National Westminster Bank PLC 11½% Und Sub Nts £1000 (Cnv to Prf) - 144 (18No98)
Sainsbury (J) PLC 8.25% Nts 22/12/00 £ (Regd) - 102⅝ (17No98)
Tarmac Finance (Jersey) PLC 9½% Cnv Cap Bds 04/04/06 (Reg) - 105⅝ (10)
United News & Media PLC 6¾% Sub Cnv Bds 2003 (Regd) - 106⅝ (18No98)
Yorkshire Electricity Group PLC 9¼% Bds 17/01/20 £1 (Reg) - 133⅝ (17No98)

Debt Issuance Programmes

Bradford & Bingley Building Society Coll Flg Rte Nts 02/2009 £ (Regd) - £102⅝ (18No98)
Nationwide Building Society 0.30% Nts 17/07/00 - 101.49 (18No98)

Sterling Issues by Overseas Borrowers

Denmark (Kingdom of) 13% Ln Stk 2005 - 142⅝ (16No98) ½ (18No98) ⅝ (18No98)
European Investment Bank 9% Ln Stk 2001 (Reg) - 105 8 (17No98)
European Investment Bank 10¼% Ln Stk 2004 (Regd) - 124⅝ (16No98)
European Investment Bank 11% Ln Stk 2002 (Reg) - 117⅝ (12No98)
European Investment Bank 9% Ln Stk 2001 (Br) - 106 (17No98)
European Investment Bank 9¼% Ln Stk 2009 - 130.8 (18No98) 2.49 (18No98)
Iceland (Republic of) 14½% Ln Stk 2016 - 187 (12No98)
Inter-American Development Bank 9½% Ln Stk 2015 (Reg) - 144.419 (12No98)
International Bank for Rec & Dev 11.5% Ln Stk 2003 - 123 (17No98)
New Zealand 11½% Stk 2008 (Reg) - 138½ (16No98)
Sweden (Kingdom of) 11% Ln Stk 2012 (Reg) - 149 (17No98)
Sweden (Kingdom of) 13.5% Ln Stk 2010 (Br) - 155 (16No98)

Listed Companies (excluding Investment Trusts)

Abbey National PLC 10⅜% Non-Cum Stg Prf Shs £1 - 160⅝ (16No98)
Abbey National PLC 8⅝% Non-Cum Stg Prf £1 - 135 (17No98)
Aberdeen Asset Management PLC 'A'Wts to Sub for Ord - 48 (17No98)
Advanced Medical Solutions Grp PLC New Ord 10p (Np - 27/11/98) - 0.125 (30, 20, 12) 1 (10No98)
Aggregate Industries PLC 11.25p Cum Red Prf 2005 10p - 130⅝ (17No98)
Aggregate Industries PLC 7.25p (Net) Cnv Cum Red Prf 25p - 108 (18No98)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 93 (18No98)
Allied Domecq PLC ADR (1:1) - 8.75 (18No98) .76 (18No98)
Allied Zurich PLC Ord 25p - 705⅝ (16No98) 25 (0) 5# (12) 5# (12) 8 (1, 0) 7 (0, 1) 8 (1, 2) ½ (4) 9 (4) 9 (17No98) ½ (1, 4, 0, 1, 0) 30 (2, 0, 2, 0, 15, 3, 15) ½ (1, 0, 1, 0, 2, 75) 1# (8) * 1 (3, 2, 10, 0, 1, 0, 7, 1, 0, 25) ½ (20, 15) ½ (18No98) 2 (4, 3, 1, 7, 15, 60, 30) ½ (1, 20) 3 (2, 1, 8, 2, 40, 0, 3, 6, 7, 5, 1, 0, 7, 2, 6, 20) ½ (15) ½ (18No98) 4 (18No98) 4 (18No98) ½ (4) 5 (18No98) ½ (11, 0, 30, 50, 0, 25) 6 (0, 15, 1, 0, 2, 0, 1, 2, 7, 1, 3, 4, 1, 0, 2, 4, 0, 20, 0, 1, 2, 1, 0, 2, 1, 2, 0) ½ (1, 10, 15, 4, 3, 2, 1, 3, 4, 1, 7, 5, 1, 50, 0, 10, 25, 7, 0, 2, 0, 1) 7 (10, 0, 1, 0, 1, 0, 102, 4, 1, 4, 1, 25, 10, 1, 10, 3, 2, 3, 22, 4, 16, 2, 18, 12, 35, 8, 5, 0, 10, 0, 18, 1, 5, 0, 2, 0, 2, 0, 1) ½ (40, 0, 4, 2, 3, 4, 8, 15, 1, 4, 2, 4, 69, 0, 25, 12, 1) 9 (28, 0, 5, 20, 1, 6, 10, 4, 2, 1, 3, 7, 2, 1, 17, 6, 7, 1, 2, 4, 0, 25) .112 (530) ½ (0, 4, 10, 0) 8 (1, 2, 8, 0, 20, 0) ½ (29, 5, 15) 40 (3, 7, 1, 25, 1, 2, 0, 39, 1, 23, 1) 1 (8, 40, 0, 1, 0, 1, 0, 5, 1, 3) .19 (55) ½ (0, 2, 0, 2, 0, 1, 0, 2, 1) 2 (1, 40, 1, 0, 10, 6, 0, 26, 20, 26, 10) ½ (2, 5, 1, 5, 25, 15) 3 (12, 17, 4, 0, 2, 4, 2, 25, 10, 5, 0, 1, 0, 2) ½ (2, 25, 2, 6, 1, 0, 7, 3, 2, 1, 0, 1, 0) .9 (108) 4 (60, 0) ½ (15, 0, 1, 4, 2, 1) 5 (3, 1, 4, 1) .1 (5) 6.25 (1) ½ (1) 7 (0) ½ (1, 0) 8 (4, 2, 4, 25) .25 (2) ½ (1) 0.25 (0) .28 (14) 50 (0, 1, 20, 0, 7, 41, 1, 0, 528, 0, 1, 5, 30, 1) ½ (17) 1 (9, 1, 23, 0, 10, 1) 1# (1) 1 (0, 1, 0, 1, 24, 75, 1, 65, 4, 5) ½ (1) 2 (3, 30, 15, 22, 0, 10, 8, 1, 9, 30, 0, 20, 0, 1, 6, 0, 1, 9, 4, 8, 55, 0) ½ (1, 5, 0, 1, 0, 10, 1, 5, 2, 8) 3 (3, 12, 1, 3, 5, 1, 5, 2, 4, 1, 10, 35, 1, 40, 85, 1, 2, 25, 1, 2, 3, 10, 15, 4, 3, 5, 10, 6, 8) ½ (1, 0, 1, 10, 35, 1, 0, 1, 15, 10, 0, 6, 2, 0, 1, 0, 4, 2, 39, 0, 4) .8 (5) 4 (0, 60, 0, 4, 0, 5, 11, 0, 1, 20, 5, 2, 5, 14, 2) ½ (1, 4, 1, 0, 21, 15) 5 (1, 7, 0, 1, 10, 1, 8, 4, 3, 1, 2, 0, 1, 8, 5, 10, 0, 2, 9) .25 (27, 23, 50) ½ (0, 1, 0, 15, 1) 6 (2, 100, 5, 1) 7 (4, 2, 10, 13, 5, 3, 2, 8, 1, 5, 1, 5) 8 (7) 8 (1)
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 95 (13No98)
Anglian Water PLC 'B' Shs 56p - 48 (1, 0, 1, 5, 0)
Anglian Water PLC 5⅜% Index-Lnkd Ln Stk 2008 - 157.45 ½ (12No98)
Apollo Metals PLC 8p (Net) Cum Cnv Red Prf 10p - 112 (12No98)
Arcadia Group PLC 8% Uns Ln Stk 96/2001 - 100 (18No98) 100 (18No98)
Armitage Bros PLC Ord 10p - 197 (13No98)
Automotive Products PLC 9% Cum Prf £1 - 115 (12No98)
BAA PLC ADR (1:1) - 10.86 (18No98)
Bailey (C.H.) PLC Ord 10p - 9⅝ (13No98)
Barclays Bank PLC BZW FTSE Lnkd Trade Protected Cap Units - p55.04 (18No98)
Barclays Bank PLC 12% Uns Cap Ln Stk 2010 - 143⅝ (17No98)
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - 131⅝ (17No98)
Bass PLC 'B' Shs 95½p - 92 (0, 9, 17, 4, 0) 2# (1)
Bass PLC ADR (1:1) - 13 (18No98)
Bass PLC 10⅜% Deb Stk 2016 - 151 (18No98) 4 (18No98)
BG PLC 'B' Shs 30p - 28 (10, 0, 1, 0, 1) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (11) 8 (3, 1, 0, 1, 3, 1, 0, 1, 5, 0) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98) 8 (18No98)
BG PLC ADR (5:1) - 33.75 .875 4.22 .23 .25 .45 (17No98)
Biocompatibles International PLC Wts to Sub for Ord - 7 (10)
Birmingham Midshires Building Soc 9⅜% Perm Int Bearing Shs £1000 - 142 (18No98)
Bloomsbury Publishing PLC New Ord 5p (Np - 07/12/98) - 2 (18No98)
Blue Circle Industries PLC ADR (1:1) - 5.06 (17No98)
BOC Group PLC 12¼% Uns Ln Stk 2012/17 - 151⅝ (17No98)
Booker PLC ADR (4:1) - 4.5 (18No98)
Boots Co PLC ADR (2:1) - 32.8 (18No98)
Bournemouth & West Hampshire Water PLC 8.5% Cum Ind Pref £1 - 139⅝ (18No98)
Bradford & Bingley Building Society 11⅝% Perm Int Bearing Shs £10000 - 166½ (18No98) 75 (18No98)
Bradford & Bingley Building Society 13% Perm Int Bearing Shs - 184⅝ (18No98)
Bradford Property Trust PLC 10⅝% Cum Prf £1 - 195 (12No98)
Bristol & West PLC Prf £1 - 126 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) 6 (18No98) ½ (18No98) 6⅝ (18No98)
Bristol & West PLC 13⅜% Uns Perp Sub Bds - 181½ (18No98) 91½ (18No98)
Bristol Water PLC 8⅝% Cum Irrd Prf £1 - 153 (18No98) 3 (18No98)
Britannia Building Society 13% Perm Int Bearing Shs £1000 - 187 (18No98) 91 (18No98) 1 (18No98) 1 (18No98) ½ (18No98)
British Airways PLC ADR (10:1) - 67.25 (3)
British Fittings Group PLC 5.5% Cnv Red Prf £1 - 60 (12No98)
British Land Co PLC 10⅜% Dld 1st Mtg Deb Stk 2019/24 - 146 (17No98) 58⅝ (13No98)
British Land Co PLC 11⅜% 1st Mtg Deb Stk 2019/24 - 145⅝ (13No98)
British Petroleum Co PLC ADR (6:1) (Each Cnv into 6 Ord 25p) - 92.47 (60) 3.1 (108) .33 (25) .375 (20) .385 (25) .625 (12, 20) .72 (18No98) .75 (2) * .75 (16No98) .75 (18No98) .8125 (18No98) .875 (48) .8859 (15) .897 (84) .9375 (5, 0, 15, 10, 25) .9759 (18) 4 (5, 25, 6, 20, 10, 5, 10, 6, 61) 4 (18No98) .0021 (61) .059984 (5) .0594 (17) .0625 (18No98) .125 (5, 15, 1, 5, 0) .174 (18No98) .25 (10) .25 (18No98) .3125 (5) .5 (20) .75 (10) .875 (10) 5 (20, 3) .0625 (3) .1168 (165) .125 (10, 20, 8, 40) .16 (40) .3125 (15, 70) .34 (10) .375 (10, 50) .5 (30) .62 (15) .567 (10) .64 (17)
British Petroleum Co PLC 8% Cum 1st Prf £1 - 116 (16No98)
British Petroleum Co PLC 9% Cum 2nd Prf £1 - 127 (12No98)
British Sky Broadcasting Group PLC ADR (6:1) - 49.25 (17No98)
British Steel PLC ADR (10:1) - 17.249425 (224) .374421 (90) .4575 (12) * .493417 (3) .53 (20) .561 (20) .625 (15) .626 (17No98) .7919 (7)
British Steel PLC 11⅛% Deb Stk 2016 - 158⅝ (17No98)
British Sugar 10⅝% Red Deb Stk 2013 - 145.151 (18No98)
British Telecommunications PLC ADR (10:1) - 137.02 (18No98) .0625 (18No98)
Brixton Estate PLC 9.5% 1st Mtg Deb Stk 2026 - 150⅝ (18No98)
Brixton Estate PLC 10⅝% 1st Mtg Deb Stk 2012 - 141.484375 (17No98)
Brunel Holdings PLC 4.6p (Net) Cnv Cum Red Prf 20p - 54 (17No98)
BTR PLC ADR (4:1) - 5.625 (18No98) .625 (18No98)
BTR PLC Non-Cum Red Prf Shs 38½p - 33 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3 (18No98) 3# (18No98) 3# (18No98) 3 (18No98) 5 (18No98)
Budgens PLC 5% Cnv Uns Ln Stk 2003 - 112 (18No98)
Bulgin PLC Ord 5p - 117 (18No98)
Bulmer (H.P.) Hldgs PLC 8¾% 2nd Cum Prf £1 - 129½ (16No98)
Bulmer (H.P.) Hldgs PLC 9½% Cum Prf £1 - 130 (18No98)
Burmah Castrol PLC ADR (2:1) - 31.16 (12No98)
Cable & Wireless Communications PLC ADR (5:1) - 6.3328 (298)
Cadbury Schweppes PLC ADR (4:1) - 59.986 (8) 60 (18No98)
Caradon PLC 'B'Shs £1 - 82 (18No98)
Carlton Communications PLC ADR (5:1) - 37.05 (3) .55 (11)
Carlton Communications PLC 5.5p (Net) Cum Cnv Prf - 123⅞ (13) 5⅛ (80)
Caskat PLC 10.25% Cum Prf £1 - 50 (17No98)
Celtic PLC 6% Cnv Cum Prf 60p - 210 (1)
Cgu PLC 3.5% Cum Red Prf £1 - 84 (18No98)
Cgu PLC 8⅝% Cum Irrd Prf £1 - 146 (18No98) 6 (18No98) 6 (18No98) ½ (18No98) ½ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) 7 (18No98)
Cgu PLC 8¾% Cum Irr Prf £1 - 156⅝ (18No98) ½ (18No98) ½ (16No98)
Cheshire Building Society Fltg Rte Perm Int Bearing Shs - 107 (17No98)
City Site Estates PLC 5.25% Cnv Cum Red Prf £1 - 66 (17No98)
Cleveland Place Hldgs 12⅝% Red Deb Stk 2008 - 146 (17No98)
Coats Patons Ld 6⅝% Uns Ln Stk 2002/07 - 97 (16No98)
Coats Viyella PLC 4.9% Cum Prf £1 - 72 (16No98)
Coats Viyella PLC 6¾% Snr Cnv Bds 09/08/03 £1000 (Rg) - 74 (17No98)
Coolson Group PLC 7% Cnv Bds 2/11/2004 (Rg) - 97 (18No98) 8½ (18No98) ½ (18No98) ½ (18No98) ½ (18No98)
Co-Operative Bank PLC 9.25% Non-Cum Irrd Prf £1 - 157 (18No98)
Coutts Consulting Group PLC 8p (Net) 2nd Cum Red Prnf Shs 5p - 100 (18No98)
Coventry Building Society 12⅝% Perm Int Bearing Shs £1000 (Reg) - 175 (18No98)
Croda International PLC 5.9% Cum Prf £1 - 97 (18No98)
Daily Mail & General Trust PLC Ord 50p - 2305 (13No98)
Daimler-Benz AG NPV - DM141.36 (18No98) .42 (18No98) 2 (18No98)
Danae Estates PLC New Ord 1p (Np - 07/12/98) - 0.25 (15)
De Beers Centenary Finance 8⅝% Ln Stk 2009 - 100 (12No98)
Debenhams Retail PLC 7⅝% Uns Ln Stk 2002/07 - 101 2 (17No98)
Dewhirst Group PLC 9.75% Cum Prf £1 - 135 (18No98)
Diageo PLC ADR (4:1) - 44.873504 (25) * 8.375 (5)
Dragon Oil PLC Wts to Sub for Ord IEP0.25 - 4 (18No98)
East Surrey Hldgs PLC 7.8% Cum Irrd Prf £1 - 130⅝ (13No98)
Ecclesiastical Insurance Office PLC 8.625% Non Cum Irrd Prf £1 - 135.43 6⅝ (18No98) ⅝ (18No98)
Ecclesiastical Insurance Office PLC 10% Red 2nd Cum Prf £1 - 116 (16No98)
Eclipse Blinds PLC Red Prf Shs 5p - 97⅝ (12No98)
Enterprise Oil PLC 10⅝% Uns Ln Stk 2013 - 135⅝ 7⅝ (17No98)
Environmental Investment Company Ld Zero Div Pref Shs 1p - 126⅝ (17No98)
Exploration Co PLC Ord 5th 5p - 268 (17No98)
First Active PLC Ord IEP0.25 - 287 (0) 92 (1, 0, 1)
Five Arrows Chile Inv Tst PLC Ord $0.65 (UK Reg) - 1.72 (16No98)
Five Arrows Chile Inv Tst PLC Uts Cnv Uns Ln Stk 2040 (UK Reg) - 1.83 (18No98) .83 (18No98)
Flare Group PLC Wts to Sub for Ord - 1 (16No98)
Folkes Group PLC Ord 5p - 60 (18No98)
Friendly Hotels PLC 5% Cnv Cum Red Prf £1 - 94 8 (17No98)
Frogmore Estates PLC 13.85% 1st Mtg Deb Stk 2000/03 - 107 (12No98)
Fujitsu Ld Wts to Sub for Com - 15⅝ (13No98)
Gallaher Group PLC ADR (4:1) - 27.8875 (5) .7075 (3) .81157162 (7) .81157273 (16) .8115728 (25)
Garban PLC Ord 50p - 217 (0, 1) 9 (63) 20 (0, 1, 0, 1, 0, 50, 3, 8, 1, 3, 1, 0, 2, 30, 0, 1, 0, 42, 1, 0, 122, 0, 6, 0, 1, 2, 0, 9, 50, 19, 250, 0, 40, 13, 141) 1 (0, 2, 1, 0) 2 (6, 50) 3 (0, 25, 20) ½ (12) 4 (25) 5 (17, 50, 19, 5, 19) 8 (286, 2) 7 (1, 0, 11, 0, 26, 0, 22) 8 (2, 0) 30# (3) * 30 (0) 2 (1) 4 (10) 5 (3) 5 (18No98)
General Accident PLC 7⅞% Cum Irrd Prf £1 - 141½ (16No98) ½ (18No98) ¾ (18No98) 2½ (18No98)
General Accident PLC 8⅞% Cum Irrd Prf £1 - 162 (18No98) 2 (18No98) ½ (18No98) ½ (18No98) ½ (18No98) ½ (18No98) ¾ (18No98) ¾ (18No98) ½ (18No98)
General Electric Co PLC ADR (1:1) - 8.25 (18No98)
GKN PLC ADR (1:1) - 10.9 (18No98)
Glaxo Wellcome PLC ADR (2:1) - 62 (10) .37292 (2) * .5 (10) .747908 (10) 3 (10) 1228956 (25) .376 (20, 8)
Glynwed International PLC 5.425% (Net) Cum Prf £1 - 89 (12No98)
Granada Group PLC 10% 1st Mtg Deb Stk 18/2/18 - 147 (18No98)
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2018 - 138 (16No98)
Greenalls Group PLC 7% Cnv Subord Bds 2003 £1 (Regd) - 104⅝ (18No98) 5 (18No98) 5 (18No98) 5 (18No98) 5 (18No98) 5 (18No98) ½ (18No98)
Greenalls Group PLC 11⅛% Deb Stk 2014 - 155⅝ (17No98)
Guardian Royal Exchange PLC Red Prf'B'Shs 20⅜p - 11 (18No98) 1 (18No98) 1 (18No98)
Heco Ld 10⅞% Several Deb Stk 2017 - 147.62 6⅝ (17No98)
Halifax PLC 12% Perp Sub Bds £ - 165½ (18No98) 7 (18No98)
Halifax PLC 13⅝% Perp Sub Bds £ - 196½ (18No98)
Hamleys PLC 'B' Shs 25.75p - 18 (13No98)
Hanson PLC ADR (5:1) - 36.25 (18No98) 7.625 (10) .75 (8) .8125 (10)
Heart of Midlothian PLC Ord 10p - 92½ (16No98)
Hercules Property Services PLC Ord 5p (Rfd - 01/07/98) - 230 (18No98)
Hillsdown Hldgs PLC ADR (4:1) - 5.17 (18No98)
Housing Securities Ld 8⅝% Deb Stk 25/1/2019 - 124.098 (13No98)
HSBC Hldgs PLC Ord 75p (Hk Reg) - $H18.18
HSBC Hldgs PLC 11.69% Subord Bds 2002 £1 (Reg) - 113⅝ (18No98)
HSBC Hldgs PLC 11.69% Sub Bds 31/7/02 Gbp (Var) (Br) - 105 (16No98)
Iceland Group PLC Cnv Cum Red Prf 20p - 166 (18No98)
Imperial Chemical Industries PLC ADR (4:1) - 37.625 (1) .92 (18No98) 8.1 (18No98) .4691 (18No98)
Inceptа Group PLC Wts to Sub for Ord - 2 (18No98)
Jerome Group PLC Ord 25p - 50 (18No98)
Johnson Service Group PLC 7.5p (Net) Cnv Cum Red Prf 10p - 115 (17No98)
Kilroot Electric Ld 8⅛% Sec Deb Stk 2005/10 - 121⅝ (16No98)
Kingfisher PLC ADR (2:1) - 18.3 (18No98)
Kunick PLC 7p Cnv Cum Red Prf 5p - 96 (13No98)
Kvaerner PLC 9⅛% Uns Ln Stk 2000/05 - 65 (17No98)
Kvaerner PLC 10⅝% Uns Ln Stk 2001/06 - 70 (17No98)
Land Securities PLC 7% Cnv Bds 30/9/2008 £1000 (Rg) - 131 (18No98)
Leeds & Holbeck Building Society 13⅜% Perm Int Bearing Shs - 180 8 (17No98)
Leslie Wise Group PLC Ord 20p - 9 (25)
Lewis (John) Partnership PLC 5% Cum Prf Stk £1 - 75 (18No98)
Lewis (John) Partnership PLC 7⅛% Cum Prf Stk £1 - 110 (18No98)
Liberty International Hldgs PLC 5¼% Sub Cnv Bds 30/4/2009 £1 (Regd) - 104⅛ (18No98) ½ (18No98) 5½
LucasVarity PLC ADS (10:1) - 33.5 (18No98) .688877 (18No98) .89 (18No98)
Marks & Spencer PLC ADR (6:1) - 44.623513 (18No98) .625 (18No98) 5 (18No98) .9 (18No98) 6 (18No98)
Marley PLC 'B' Shs 11 5/7p - 10 (18No98) 10 (18No98) 10 (18No98) 10 (18No98) 10 (18No98) 3 (18No98)
Marston Thompson & Evershed PLC 10⅝% Deb Stk 2012 - 137 (16No98)
McCarthy & Stone PLC 7% Cnv Uns Ln Stk 1999/2004 - 97 (18No98)
MEPC PLC Non-Cum Red Prf 'B' Shs 96p - 97 (18No98) 7 (18No98) 7 (18No98) 7 (18No98) 7 (18No98) 7 (18No98) 7 (18No98) 90 (18No98)
MEPC PLC 12% 1st Mtg Deb Stk 2017 - 168 (17No98)
MEPC PLC 8% Uns Ln Stk 2000/05 - 100½ (17No98)
Merchant Retail Group PLC 8⅝% Uns Ln Stk 99/2004 - 95 (16No98)
Mersey Docks & Harbour Co 6⅝% Red Deb Stk 96/99 - 98 (16No98)
Mew Technology PLC Ord 5p - 85 6 (18No98)
National Grid Company PLC 4¼% Exch Bds 2008 £1000 (Reg) - 118⅝ (17No98)
National Grid Company PLC 4¼% Exch Bds 2008 £1000 (Br) (Reg S) - £1.213933 (18No98)
National Power PLC ADR (4:1) - $36.125 (18No98)
National Westminster Bank PLC ADR (6:1) - 101 (1)
National Westminster Bank PLC 9% Ser'A'Non-Cum Prf £1 - 156½ (18No98) ½ (18No98) ½ (18No98) ½ (18No98)
National Westminster Bank PLC 12½% Subord Uns Ln Stk 2004 - 129.359375
NEC Finance PLC 13⅝% Deb Stk 2016 - 178½ (12No98)
Newcastle Building Society 10⅝% Perm Int Bearing Shs £1000 - 164 (18No98)
Newcastle Building Society 12⅝% Perm Int Bearing Shs £1000 - 184 (12No98) 7 (18No98) 9 (18No98)
Nfp PLC New Ord 1p - 156 (18No98)
Northern Foods PLC 6¼% Cnv Sub Bds 08/08/08 £1000 (Rg) - 99 (18No98) 9 (18No98) ½ (18No98) ½ (18No98) ½ (18No98)
Northern Rock PLC 12⅝% Perp Sub Nts (Br) - 178 (17No98)
OEM PLC Ord 25p - 30 3 (16No98)
Orange PLC ADR (5:1) - 48 (1) .79 (2)
Panther Securities PLC Wts to Sub for Ord - 25 (13No98)
Paramount PLC Cum Sec Cnv Red Prf Shs £1 - 57 (16No98)
Paterson, Zochonis PLC 10% Cum Prf £1 - 144⅝ (18No98)
Peel Hldgs PLC 10% Cum Prf 50p - 72 ½ (17No98)
Peninsular & Orient Steam Nav Co 7⅜% Cnv Bds 19/5/03 £1000 (Regd) - 105.7 (18No98) 6½ (18No98) ¾ (18No98) 8.2 ½ .95 9
Perkins Foods PLC Red Prf 'B' Shs £1 - 91 (18No98)
Perkins Foods PLC Cnv Red Prf 12.5p - 123½ (13No98)
Portsmouth & Sunderland News PLC 11.5% 2nd Cum Prf £1 - 155 (16No98)
PowerGen PLC ADR (4:1) - 58.9357 (2) 8.2481 (17No98) .2481 (17No98) .37305405 (17No98)
Premier Farnell PLC ADR (2:1) - 6 (27)
Premier Farnell PLC ADR (1:1) (Cum Cnv Prf) - 17.875 (17No98)
Premier Farnell PLC 89.2p Cum Cnv Red Prf (Sterling Coupon) - 11⅝ (18No98) ⅝ (18No98)
Prowting PLC 8.8% Cum Red Prf 2002 £1 - 108 (18No98) 10 (18No98)
PWS Hldgs PLC Ord 10p - 13 (18No98)
Queens Moat Houses PLC 10⅝% 1st Mtg Deb Stk 2020 - 123½ (16No98)
Queens Moat Houses PLC 12⅝% 1st Mtg Deb Stk 2013 - 129 (16No98)
Racal Electronics PLC ADR (2:1) - 10.625 (16No98)
Randgold Resources Ld GDS (Repr Shs of NPV) (Reg S) - 2.5 (12No98)
R.E.A.Hldgs PLC 9% Cum Prf £1 - 85 (16No98)
R.E.A.Hldgs PLC 12% Uns Ln Stk 2000 - £95 (12No98)
Reckitt & Colman PLC 5% Cum Prf £1 - 62 (16No98)
Regal Hotel Group PLC Cnv Cum Red Prf 2001 £1 - 95.875e 100 ¼ 1 (17No98)
REXAM PLC 'B' Shs £1 - 95 (18No98) 8 (0, 33, 0, 3, 131, 331 9 (1)
Rio Tinto PLC Ord 10p (Br) - 720 (18No98)
Rio Tinto PLC ADR (4:1) - 47.25 (18No98)
Royal & Sun Alliance Ins Group PLC 7⅜% Cum Ind Prf £1 - 132 (18No98) ½ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) ¾ (18No98) 3 (18No98)
Ryanair Holdings PLC Ord IEP0.04 - p335 (18No98) 6 (1)
Sanctuary Housing Association 8⅝% Fixed Mtg Deb Stk 2031 - 131.077 (17No98)
Scottish Media Group PLC 6.50% Cnv Uns Ln Stk 2007 - 116 (18No98) 6 (18No98)
Severn Trent PLC 'B' Shs 38p - 30 (0, 19, 0) 4 (18No98)
Shaftesbury 8.5% 1st Mtg Deb Stk 31/3/24 - 130.42 (12No98)
Shaw (Arthur) & Co PLC Ord 5p - 1½ (18No98)
Shell Transport & Trading Co PLC Ord 25p (Br) - 360 (12No98)
Shell Transport & Trading Co PLC ADR (6:1) - 35.9988 (20) 6 (25) .229 (6) .2288 (9) .27 (3) .3112675 (3) .31128904 (7) .4163 (4) * .5 (18No98)
Shoprite Group PLC Ord 5p - 17½ (18No98) 9 (18No98)
Skipton Building Society 12⅝% Perm Int Bearing Shs £1000 (Reg) - 190½ (17No98) 3 (18No98) 3 (18No98)
SkyePharma PLC 'B' Warrants - 5½ 6 ½ (17No98)
SmithKline Beecham PLC ADR (5:1) - 61.25 (18No98) .5 (8) .8125 (10) * 2.04 (20) .25 (10)
Smith (W.H.) Group PLC Non Cum Red Prf Shs 53.75p - 25 (18No98) 5 (18No98) 5 (18No98) 5 (18No98) 5 (18No98) 5 (18No98) 50 (18No98)
Smith (W.H.) Group PLC 5¼% Red Uns Ln Stk - 78 (12No98)
Sperati (C.A.) (Special Agency) Ord 50p - 625 (13No98)
Standard Chartered PLC 12¾% Subord Uns Ln Stk 2002/07 - 117 (16No98)
Tadpole Technology PLC Wts to Sub for Ord (Ex Rights) - 3 (13No98)
Tate & Lyle PLC ADR (4:1) - 24.5 (18No98)
Tate & Lyle PLC 6½% (4.55% Plus Tax Cred) Cum Prf £1 - 95 (18No98)
Telewest Communications PLC ADR (10:1) - 21 (18No98)
Tesco PLC 4% Uns Deep Discount Ln Stk 2006 - 90¼ (18No98) ½ (18No98) 1 (18No98)
THFC (Indexed) Ld 5.65% Index-Linked Stk 2020 - 135⅝ (16No98)
Thistle Hotels PLC Non-Cum Red Prf 15p - 13 (18No98) 3 (18No98) 3 (18No98)
Thistle Hotels PLC 7⅞% 1st Mtg Deb Stk 2022 - 118 (17No98)
Throgmorton Preferred Inc Tst PLC Ord 10p - 4½ (12No98)
Tops Estates PLC Wts to Sub for Ord - 1 (16No98)
Tops Estates PLC 7⅜% Cnv Uns Ln Stk 2020 - 103 (18No98) 3 (18No98)
Transport Development Group PLC 'B' Shs 34.4p - 33 (18No98)
Unigate PLC ADR (1:1) - 8.4 (18No98) .43 (18No98)
Unilever NV Ord NLG1 - NG150.37 (18No98)
United Biscuits (Hldgs) PLC Red 'B' 28.3p - 25 (1, 2, 34, 0, 2) 7 (1)
Upton & Southern Hldgs PLC Wts to Sub for Ord - 0.25 (18No98)
Upton & Southern Hldgs PLC 5p (Gross) Cum Cnv Red Prf Shs 50p - 80 (16No98)
Vodafone Group PLC ADR (10:1) - 147.49508235 (3) *8.2 (5) .27 (10) .47 (20) .75 (2)
Wessex Water PLC Fltg Rte Cum Red Prf 50p (Ex Partial Red) - 50 (18No98) 50 (18No98) 2.5 (18No98)
Westland Group 12⅝% Deb Stk 2008 - 145 (17No98)
W E W Group PLC 10⅝% Cum Red Prf 1999/2002 £1 - 90 (16No98)
Whitbread PLC 6% 3rd Cum Prf Stk £1 - 88 (12No98)
Whitbread PLC 8.125% Deb Stk 2021 - 133 (16No98)
Whitbread PLC 11⅝% Deb Stk 2011 - 151⅝ (18No98) 2⅝ (18No98)
Whitbread PLC 7½% Uns Ln Stk 95/99 - 98⅝ (18No98)
Williams PLC 10⅝% Cum Prf £1 - 150 (16No98)
Williams PLC Non Cum Cnv Red Prf 'B' 34p - 30 (18No98) 30 (18No98) 30 (18No98) 30 (18No98) 30 (18No98) 30 (18No98) 30 (18No98) 1½ (18No98)
Wolverhampton & Dudley Breweries PLC 6.5% Deb Stk 2019 - 107 (18No98)
Wyefield Group PLC Ord 20p - 1½ (1, 28) 2 (200) ½ (120)
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 270 (16No98)
Yapi Ve Kredi Bankasi A.S. GDR (Repr 1000 Shs Trl1000) (144 A) - $8.875
Young & Co's Brewery PLC 9% Cum Prf £1 - 130 (16No98)
ZENECA Group PLC ADR (1:1) - 38 (17No98) .125 (17No98) .5 (18No98) .9375 (18No98) 40 (18No98) 40 (18No98) 40 (18No98) 40 (18No98) 40 (18No98) .005 (18No98)

Investment Trusts

Aberdeen High Income Trust PLC 7 1⅝ Deb Stk 2006 - 110 (18No98)
Alliance Trust PLC 5% Prf Stk - 83 (16No98)
American Opportunity Trust PLC Ser'Z'Zero Cpn Cnv Uns Ln Stk 50p 2003 - 68 (13No98)
British Assets Trust PLC 'A'5% Prf Stk (Cum) - 85 (16No98)
Broadgate Inv Tst PLC Wts to Sub for Ord - 85 8 (13No98)
Cairngorm B.S. Inv Tst PLC Uts (Compr 1 Wt No 1 - No 10) - 225 (18No98) 35 (18No98)
Cairngorm Demutualisation IT PLC Wts to Sub for Ord 50p - 14 (18No98)
Charter European Trust PLC 4% Cum Prf Stk - 80 (12No98)
Dunedin Income Growth Inv Tst PLC 3.5% Cum Prf Stk - 85 (12No98)
Dunedin Income Growth Inv Tst PLC 11.5% Deb Stk 2016 - 160 (18No98)
Dunedin Smaller Cos Inv Tst PLC 8⅝% Deb Stk 2022 - 132½ (16No98)
Edinburgh Inv Tst PLC 3.65% Cum Prf Stk - 90 (12No98)
Edinburgh Inv Tst PLC 11⅝% Deb Stk 2014 - 157.518 (18No98) 9.03 (18No98)
English & Scottish Investors PLC 3.75% Cum Prf Stk - 83 (16No98)
English & Scottish Investors PLC 8.25% Deb Stk 2023 - 125.05859375 (12No98)
Framlington Income & Capital Tst PLC 12.8% Deb Stk 2008 - 143 (17No98)
Guinness Flight Extra Inc Tst PLC Units (Comp 1 Ord 25p & 1 Zero Div Prf) - 267 (12No98)
Guinness Flight Geared Inc & Gwth Tst Inc Sp - 105 ½ (17No98)
Guinness Flight Geared Inc & Gwth Tst Zero Div Prf - 103½ (16No98) 4 (16No98) ¾ (16No98) 6 (16No98)
INVESCO English & Intl Tst PLC 8.875% Cum Prf £1 - 142 (18No98)
INVESCO Enterprise Trust PLC Cum Red Stepped Capped Prf £1 - 170 (12No98)
INVESCO Recovery Trust 2005 PLC Ord 1p - 100 (18No98)
INVESCO Recovery Trust 2005 PLC Zero Div Prf 1p - 100 (17No98) 100 (17No98) 2 (18No98) ½ (18No98) ½ (18No98) 3 (18No98) 3 (18No98)
Investors Capital Trust PLC 5⅛% Cum Prf Stk - 85 (16No98)
Mercury Keystone Inv Tst PLC 7⅝% Deb Stk 2020 - 124⅝ (13No98)
Monks Inv Tst PLC 6⅝% Deb Stk 2023 - 109⅝ (18No98)
Scottish American Inv Co PLC 8% Deb Stk 2022 - 130 (17No98)
Scottish Eastern Inv Tst PLC 8.5% Deb Stk 2024 - 139⅝ (17No98)
Scottish Mortgage & Trust PLC 8-12% Stpd Int Deb Stk 2026 - 187⅝ (13No98)
Scottish Mortgage & Trust PLC 8%-14% Stepped Int Deb Stk 2020 - 201 (18No98)
Shires Smaller Companies PLC Wts to Sub for Ord - 42½ (16No98)
Temple Bar Inv Tst PLC 8% Cnv Uns Ln Stk 2002 - 185 (17No98)
Throgmorton Trust PLC 7.25% Cnv Uns Ln Stk 2003 - 165 (16No98)
Throgmorton Trust PLC 12⅝% Deb Stk 2010 - 160 (16No98) ¼ (11No98)
Value Realisation Trust PLC 1.4% Cnv Uns Ln Stk 2008 - 157⅝ (18No98) ½ (18No98) ½ (18No98)
Witan Inv Co PLC 6⅝% Exch Bds 1/6/08 £1000 (Regd) - 122⅝ 30½ (12No98)
Witan Inv Co PLC 8⅝% Deb Stk 2016 - 131 (17No98)

NEWS DIGEST

ELECTRONIC EQUIPMENT

Memory shortfall on change to Easdaq

Memory Corporation, a designer of proprietary semiconductor devices, raised only $2.33m against a target of $20m (£11.9m) as it switched from Aim to Easdaq, the Brussels-based pan-European stock exchange. David Savage, chief executive, admitted that the smaller than planned cash inflow was not good for the ego, but "it was absolutely the right thing to maintain shareholder value". The group had not been prepared to discount the dollar-denominated Global Depositary Receipts that will be traded on Easdaq like ordinary shares.

The placing of 217,395 GDRs represented 5.43m ordinary shares at 28p each. The shares closed last night at 24p, down 1½p. They will cease to be listed on Aim in about six weeks. **David Blackwell**

Pace expects to beat forecasts

Shares in Pace Micro Technology, the maker of receivers for digital television, leapt 14p to 83p after the group said interim profits would beat expectations. Pace, which has in the past issued a string of profits warnings, said the successful launch of digital television in the UK would lift pre-tax profits for the six months to the end of May 1999 above market expectations of £7m.

British Sky Broadcasting, the satellite company, launched a 140-channel digital service last month, and On Digital began broadcasting 30 digital terrestrial channels last weekend. Pace is supplying set-top boxes, needed to unscramble digital signals, to both BSkyB and On Digital. **Cathy Newman**

ENGINEERING

Torotrak agreement with GM

Torotrak, the developer of a vehicle transmission system, has signed an agreement with General Motors of the US for further technical evaluation and development of its system. In return for a series of downpayments, GM has rights to take Torotrak's technology through to production. The initial contract value is $750,000 (£446,000) and brings the payments made and payable under all its licence agreements to more than $18m. The shares closed 6p up to 104½p.

OIL EXPLORATION

Ramco wins MMS Petroleum

Ramco Energy, the Aim-listed oil exploration company with interests in the Czech Republic and Poland, has declared its offer for MMS Petroleum unconditional after gaining acceptances for 62.27 per cent of the shares. Last month's cash offer of 35p a share values MMS at £4.27m; it trumped an all-paper offer in September from Greenwich Resources. Ramco shares closed down 7½p at 367½p. **Thorold Barker**

IN BRIEF

CITY OF LONDON PR Group has agreed in principle to purchase Boswell City Financial PR, a smaller consultancy. COLPR said Boswell would provide enable it to diversify beyond the natural resources sector in which it specialises. The consideration was not disclosed.

SAVILLE GORDON Estates has exchanged contracts for the sale of its 77,000 sq ft Colwyn Centre in Colwyn Bay for a total of £8.9m, to Modus Properties. The consideration is £7.7m cash and the remainder in the form of two fully let industrial properties in Bolton with an annual rent of £100,000.

SKILLSGROUP has acquired ISL on behalf of its operating business Acuma for a maximum £2.9m. ISL is a provider of business intelligence solutions to corporate customers. Pre-tax profits for the 10 months to October 31 is estimated at £200,000. Net assets are £100,000.

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FOOTBALL PRICE THOUGHT TO BE STUMBLING BLOCK FOR MEDIA GROUP BUT UNITED NEWS SHOWS INTEREST IN TV RIGHTS

Carlton abandons talks with Arsenal

By Cathy Newman

Carlton Communications, the media group, yesterday called off talks with Arsenal, damping City expectations that British Sky Broadcasting's proposed takeover of Manchester United would be followed by similar bids for other football clubs.

Carlton issued a brief statement saying it had ended talks that may have led to an offer for the club. Negotiations with Arsenal are thought to have foundered over price.

Since August, when BSkyB bid £623.4m for Manchester United, speculation has mounted that media companies such as Carlton and United News & Media would follow suit and acquire other clubs. However, Carlton's withdrawal yesterday made analysts more sceptical about further such deals.

Carlton's announcement coincided with reports that United News was on the brink of taking a significant stake in Arsenal. However, United News played down the rumours, saying it was "interested in media rights, not in managing football clubs".

It said no deal was imminent and added it would only consider buying a stake in Arsenal in exchange for the rights to show some of the club's games on a television channel.

Analysts were divided in their response. One said: "The TV companies are interested in the rights. You don't have to buy the club to secure the rights."

Both Carlton and United News may develop channels with football clubs. Carlton could, for example, set up a football channel to be offered exclusively to subscribers to On Digital, the pay-TV group in which it has a 50 per cent stake.

However, Lorna Tilbian, media analyst at WestLB Panmure, believed United News could still be interested in buying a substantial stake in a club. Another analyst said Carlton may have withdrawn because it felt the spectre of a rival bidder was pushing up the price.

Regulatory problems surrounding the purchase of football clubs by media companies may also have influenced Carlton's decision. Last month, BSkyB's bid for Manchester United lapsed after it was referred to the Monopolies and Mergers Commission because of "concerns for the wider public interest". The MMC is due to give its verdict on March 12.

Carlton's withdrawal will put further pressure on Arsenal to find an alternative source of fresh capital. The club needs the money to finance either the redevelopment of its Highbury stadium or a new ground.

Carlton's shares initially fell sharply, but later closed up ¼p at 457¼p.

Michael Green, chairman of Carlton. Regulatory problems may have also influenced decision

EMI says it has not talked to News Corp

By Alice Rawsthorn

EMI, the music group, denied yesterday that it had been in discussions with News Corporation about a possible investment by Rupert Murdoch's media company.

The statement, issued after the market had closed, followed a 17 per cent increase in the shares amid speculation over a possible link-up.

The 56½p rise to 392p made EMI – a long-running takeover target and often prey to speculative interest – by far the strongest performer in the FTSE 100.

Reports of News Corp's interest in EMI – which represents a string of best-selling acts including Spice Girls, Garth Brooks, the Verve and Radiohead – appeared in Thursday's edition of Hits, a US music industry magazine.

The Los Angeles Times reported in yesterday's edition that senior News Corp executives met EMI's management two weeks ago to discuss the possibility of making an investment in the UK group.

EMI, which is expected to report a sharp reduction in interim profits on Tuesday, denied that any such meeting took place.

Until the News Corp speculation surfaced, EMI's shares had underperformed the FTSE 100 by 40 per cent since the start of the year.

The shares have underperformed by 30 per cent since March, when the board confirmed it had received an approach from an unnamed company, later identified as Seagram, the Canadian entertainment group.

Seagram subsequently broke off talks with EMI to negotiate an $11bn (£6.5bn) offer for PolyGram, the Dutch music and film concern. EMI's shares have since drifted lower in spite of intermittent rumours of another bid, possibly from Bertelsmann, the German media and music group.

News Corp has also been mooted as a possible purchaser for EMI. Mr Murdoch's youngest son, James, ran a small New York record label before joining the family firm to take charge of its new media division.

News Corp has subsequently taken control of Mushroom Records, the Sydney-based label, and made a modest investment to expand its music interests elsewhere.

Despite his son's enthusiasm for music, Mr Murdoch has previously denied plans to expand aggressively in the music industry, arguing that its growth prospects are not strong enough.

Restaurant groups serve up good cheer

By David Blackwell

The high street slowdown hitting retailers such as *Marks and Spencer* and Storehouse appears to be leaving parts of the restaurant business relatively unscathed.

Both PizzaExpress and Groupe Chez Gérard yesterday gave upbeat trading statements to their annual meetings. Shares in PizzaExpress moved up 31p to close at 805p, while Chez Gérard's closed unchanged at 194p.

David Page, chairman of *PizzaExpress, said: "For 18 months we have been waiting for the sky to fall in – but the sky is blue and clear."*

Analysts said both groups were offering more exotic meals than the standard fare in pubs, which have also been showing signs of the onset of recession. "Clearly trading is a little slower – but the slowdown is nothing like what we are hearing *from the retailers," said one.*

Neville Abraham, chairman of Chez Gérard, suggested that people were reconsidering whether to buy items such as carpets and clothing, but were not yet prepared to change their lifestyle, especially if they had no children.

"Eating out has moved up the list of essentials," he said. "People will watch their spending and go for *good value, but they are definitely not going to stop at* home twiddling their thumbs or slaving over a hot stove."

Mr Page said the consumer slowdown was reflected in a slight fall in lunches served, but evening meals – about 70 per cent of turnover – were way ahead of last year.

PizzaExpress described current trading as satisfactory with like-for-like sales slightly below last year, when the gain was almost 9 per cent.

Chez Gérard told its shareholders that it was encouraged by the level of bookings ahead of Christmas, and remained confident of its "ability to outperform"

Booker appointee to tackle cash-and-carry

By David Blackwell

Booker, the distribution group, yesterday appointed a 33-year-old consultant to the board to help Stuart Rose, chief executive, turn the business round.

Mr Rose, who after just four weeks in the job warned 10 days ago that the group might breach its banking covenants, said that Charles Wilson would become his right-hand man in sorting out the key cash-and-carry business.

Mr Wilson is giving up his consultancy business and will start at Booker immediately. His appointment takes the number of executive directors to three, and Mr Rose said at least one other board appointment could be expected.

Analysts said Mr Rose had been faced with an unpleasant shock when he became chief executive, but had quickly tackled the problems. "Obviously he needs help and needs it fast in order to turn this group around," said one.

The two men met when Mr Wilson was acting as a strategic consultant to projects at Debenhams and Burton. Mr Rose described Mr Wilson – author of two business books – as a specialist in retail businesses, with a particular emphasis on supply-chain management.

Charles Wilson

Mr Wilson would devote up to 80 per cent of his time to the cash-and-carry business, making sure the recovery plan was properly executed, said Mr Rose. He refused to disclose Mr Wilson's remuneration but said it would be appropriate for the job.

Booker this month issued its third profits warning in 12 months and dismissed Adrian Busby, head of the cash-and-carry operations.

The trading statement, which also warned that there would be no final dividend, said the expected sales improvement at the cash-and-carry operations had not materialised following extensive restructuring since the £264m acquisition of Nurdin & Peacock in 1996.

Booker Belmont Wholesale has 40 per cent of the UK cash-and-carry market with sales of £3.5bn a year, but has failed to prosper.

Mr Rose, who has taken it under his direct control, said the aim was to make the most of trading in the run-up to Christmas, and then put in place long-term solutions in the new year.

The group, burdened with average net debt of £500m, is continuing negotiations with its bankers. Mr Rose said yesterday that the banks were happy with his plans for the group.

Japanese banks' problem loans total rises

By Gillian Tett in Tokyo

Japan's nine large commercial banks held Y12,341bn ($103bn) of problem loans at the end of September, little changed from the March level of Y12,812bn, it emerged yesterday. However, the banks also said they had written off about Y1,400bn in this period. Consequently, the data suggests that the bad loan total is continuing to rise in spite of the banks' efforts to tackle the problem.

The banks yesterday pledged to accelerate their efforts in the second half of the year. They now expect to write off Y5,080bn of problem loans in the whole of fiscal 1998, against an earlier estimate of Y1,200bn.

Though this may boost hopes that Japanese banks are finally taking serious action to tackle their mountain of bad loans, it will also raise the pressure on them to expand their capital base.

Of the seven banks that reported yesterday, only Tokai had a capital adequacy ratio over 10 per cent, calculated according to the Japanese version of standards set by the Bank for International Settlements.

The remaining six – Bank of Tokyo Mitsubishi, Dai-Ichi Kangyo, Sumitomo, Sakura, Fuji and Asahi – reported ratios around 9 per cent. Sanwa and Daiwa, which reported their results on Thursday, had ratios of 9.7[illegible] per cent and 10.38 per cent respectively.

However, these Japanese BIS standards flatter the banks, since they allow them to ignore paper losses on their equity holdings that arise from the low stock market.

Although BTM and Sanwa reported that the book value of their portfolios was worth more than the market value on September 30, all the others reported paper losses, ranging between Y52bn for Sanwa and Y580bn for Fuji.

The banks all reported a rise in operating profits, partly due to the recent rally in the Japanese bond market. They also all reported parent pre-tax profits for the first half of the fiscal year, ranging from Y7.1bn at Sanwa to Y73.62bn at DKB. However, seven of them warned that they would report pre-tax losses for the whole year due to bad loan disposals.

The banks' burden

	Loan-loss charges (¥bn)				Total problem loans (¥ '998bn)	
	First half	Forecast full year	Previous forecast	1997-98	Sep 98	Mar 98
BTM	301.3	550	270	1310	1.86	2.25
DKB	160.8	300	150	740	0.94	1.47
Sumitomo	144.6	797.4	80-100	1040	1.53	1.47
Sanwa	216	800	160	940	1.43	1.29
Sakura	159.6	910	160-180	1180	1.59	1.47
Fuji	161.4	450	100-150	1000	1.64	1.69
Tokai	117.7	690	70	410	1.39	1.22
Asahi	91.3	400	100	480	1.03	0.99
Daiwa	54	220	40	380	0.93	0.96
Total	1,306.7	5,077.4	1,120-1,290	7490	12.34	12.61

Source: Reuters. Figures are for financial year ending March 31

DNP orchestrates £10.5m Symphony Telecom deal

By Alan Cane

Direct Network Publishing, a two-year old Ofex-listed internet group, is buying privately held Symphony Telecommunications for £10.5m ($17.6m).

The deal exemplifies the convergence of content and telephony in the modern communications industry.

DNP is raising £14m through a placing of 17.5m shares at 80p to fund the acquisition, provide working capital and launch new business ventures. The placing, which has not been underwritten, is being arranged by Durlacher, the investment bank.

The consideration comprises £5.5m in cash with the remainder in new shares.

Under the Ofex code, DNP's shares have been suspended. The intention is to list on Nasdaq after the acquisition and placing rather than seek readmission to Ofex.

DNP publishes entertainment and information over the internet under the 365 brand. Its business model is based on the idea that there is a large potential market for electronic information targeted at customers' "passion centres" – strong interests – using personalised delivery techniques.

It operates an electronic publishing system capable of creating specialist magazines complete with pictures, text and graphics that can be mailed over the internet. The first is Football 365; Cricket 365 is in preparation.

The group's customers are able to download customised versions of the magazines and read them directly from the hard drive on their personal computers. DNP derives revenues from advertising and subscription to personalised services. In the 11 months to July 31 the company made a loss of just over £1m.

Symphony provides a variety of premium rate information services such as weather reports or daily horoscopes. Callers have access to the services through a freephone number and pay by credit or debit card.

It made £475,000 in the six months to September 30 on revenues of £4.62m.

Flemings to form Nordic venture

By Jane Martinson, Investment Correspondent

Flemings, the UK investment bank and asset manager, is set to form a joint venture with Aros Securities, the Nordic investment bank. The agreement covers corporate finance, equity capital markets and securities services.

Aros, which is owned by Unibank, Denmark's second largest commercial bank, operates in Sweden, Finland and Norway but is best known in Denmark.

The deal is Flemings' second European joint venture this year following a deal with Banco Comercial Portugues, a Portuguese bank.

Flemings works in 44 countries but has no investment banking operations in the main countries serviced by Aros, which was bought by Unibank two years ago. Both sides will share resources as part of the joint venture, which will start in the new year.

Flemings said it had no plans to buy a greater stake in Aros. Its largest joint venture is with Jardine Matheson, in Asia.

RESULTS

	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Acatos & Hutcheson 6 mths to Sept 27§	149.8	(150.9)	1.22▼	(2.9L)	1.4L	(6.1L)	nil	-	nil	-	6.5
Bakery Services Φ 6 mths to Sept 30	2.5	(1.77)	0.039	(0.019L)	0.05	(0.01L)	-	-	-	-	-
Black Arrow 6 mths to Sept 30★	9.83	(11.7)	1.9	(2.01)	5.5	(5.52)	1.5	Jan 6	1.5	-	5
Criterion Props 6 mths to Sept 30	1.8	(3.49)	0.391	(0.675)	3.74	(6.96)	nil✕	-	2.5	-	6
Fibernet Φ Yr to Aug 31	10.7	(7.18)	4.78L	(0.487L)	12.5L	(1.3L)	-	-	-	-	-
Harlingham Props Φ Yr to May 31	0.102	(0.12)	0.005	(0.047▼)	0.29	(2.55)	1	Jan 5	1	1	1
IES Φ Yr to June 30§§	5.97	(3.85)	1.53L♠	(0.985L♠)	8.8L	(4.6L)	nil	-	0.6	nil	0.6
Osborne & Little 6 mths to Sept 30	17.8	(17.1)	2.52	(2.21)	25.5	(22.1)	12	Jan 20	9	-	23☆
Raglan Properties 6 mths to Sept 30	31.5	(12.4)	4.57	(3.41▼)	2.61	(1.9)	-	-	-	-	1.3
Reflec Φ Yr to Feb 28●	0.921	(0.337)	4.49L♠	(0.454L)	43.1L	(6.42L)	-	-	-	-	-
Reflec Φ 6 mths to Aug 31	0.622	(0.39)	0.757L	(0.264L)	3.23L	(3.14L)	-	-	-	-	-
Tamaris 6 mths to Sept 30	35.7	(15.5)	1.17	(0.821)	2.45†	(4.21*)	1.05944	Apr 7	1.0336*	-	3.5252*
Theo Fennell Φ 6 mths to Sept 30	4.22	(4.48)	0.234L	(0.011)	1L	(0.05)	-	-	-	-	-
United Utilities 6 mths to Sept 30★	1,101	(1,065)	214.2♠	(208.9♠)	40.9†	(41.3L‡)	14.4	Apr 6	13.16	-	42.16
Viridian 6 mths to Sept 30★	211.1	(209.3)	41.5	(39)	26.2♦	(9.2L‡)	6.66	Apr 13	6.05	-	23

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. §Change of year-end; comparatives for six months to March 29 1998. ♠After exceptional charge. ▼After exceptional credit. †On increased capital. ΦAim stock. ★Comparatives restated. ✕Change of year-end; company intends to pay dividend for nine months to December 31. §§Comparatives for nine months. ☆Excludes 20p special. ●Comparatives for 10 months to February 28 1997. *Adjusted for share consolidation. ‡After windfall tax. ♦On reduced capital.

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Finland exchange confirms link with Eurex

By Tim Burt in Stockholm

Finland's stock exchange is planning to join the wave of consolidation among European stock exchanges by signing a strategic alliance with Eurex, the joint derivatives market of Deutsche Börse and Swiss Exchange. It will also seek membership of the prospective London-Frankfurt equity trading alliance.

Senior officials at Hex, the Finnish Helsinki Exchanges, yesterday confirmed they had signed a letter of intent to join Eurex after the breakdown of alliance talks last week with OM Gruppen, the operator of the Stockholm bourse.

The move also signals Helsinki's withdrawal from a possible pan-Nordic alliance led by Stockholm and Copenhagen, which are uniting their equity trading next year.

Stockholm and Copenhagen are also considering pooling their bond and derivatives trading operations.

Helsinki's decision to pursue a partnership with Eurex, the world's second largest derivatives market, signals the end of a three-year attempt to reach agreement on a joint derivatives market with OM.

Under the proposed Eurex alliance, Finnish derivatives trading handled by Hex is expected to be transferred to the enlarged Swiss-German market next year.

As part of the tie-up, Helsinki said it would begin talks on adopting Deutsche Börse's Xetra securities trading system – which would pave the way for its admission to the London-Frankfurt equities alliance.

"We are now in the front line in the restructuring of the European exchanges," said Juhani Erma, chief executive of the Helsinki stock exchange, which had a turnover of $47bn in the first nine months of this year.

The new alliance mirrors the decision this week by the Madrid bourse to join the Anglo-German partnership, with Milan and Amsterdam also indicating interest in taking part.

That prompted Paris on Thursday to call for a single system for trading shares in European blue-chip companies, and to convene a meeting next week of nine European stock exchange heads.

OM Gruppen, which owns 21 per cent of Hex, yesterday expressed regret at Helsinki's decision but said it would not make any attempt to block the proposed tie-up with Eurex.

Bengt Ryden, executive chairman of the Stockholm Exchange, also emphasised that OM was determined to press ahead with creating a pan-Nordic exchange, known as Norex.

"That ambition is not dead and there is a possibility that Oslo – once it has gone through structural reform – will want to join Norex," he added.

Senior officials at OM are to attend next week's stock exchange meeting in Paris, along with the heads of the Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, London and Zurich exchanges.

Credit companies line up to topple cash as king

The rustle of rupees is giving way to the swipe of cards as India catches on to the convenience of credit, writes **Krishna Guha**

The south Bombay jeweller agrees a price for the gold and diamond necklace soon to adorn the wife of one of the city's more prosperous businessmen. Her husband reaches into his case and takes out bundles of neatly stapled hundred-note blocks of Rs10,000 ($235). This is a cash transaction.

Across the city the crowded lanes of the Thieves' Bazaar tell a similar story. Everything on sale – giant mounds of watermelons, broken watches, spare car parts, antique furniture – is being bought with cash. The swipe of credit cards, debit cards and charge cards is nowhere to be heard. Cash is king.

"We in India are a cash society," says M. S. Verma, chairman of State Bank, the biggest in the country. "We have been like this for centuries."

It may not remain like that for long. This week Mr Verma and joint venture partner Gary Wendt, chairman of GE Capital of the US, met in Bombay to launch the SBI Card, a Visa card. This, according to Mr Verma, will become the currency of modern India.

Only a few days before, American Express launched its own rupee credit card with similar fanfare.

The new entrants are the latest to see the attraction of India's fast-growing credit card market. Bank of India and Bank of Baroda, Citibank, Standard Chartered, ANZ Grindlays and Hongkong Bank already issue cards here. However, their use is only just beginning to take off, boosted by the banks' new-found enthusiasm for Indian retail business.

'Not many of us feel comfortable moving about with Rs10,000 in our pockets'

American Express estimates that there are 3m cardholders in India, and the number is growing at 30 per cent a year. Spending on these cards is estimated to be $1.2bn, and this is growing at an even faster rate, says Sanjay Rishi, head of American Express in India.

State Bank, GE Capital and Visa are equally upbeat. They expect the number of cards in issue to rise from 1.7m in 1996 to 6m at the turn of the century, with spending rising 40 per cent a year to top $3bn by 2000. The demand for credit is being driven by cultural changes associated with the liberalisation of the Indian economy. Indians now have more disposable income, and a deluge of global brands and associated advertising has encouraged Indians to make aspirational purchases. At the same time, traditional aversion to debt is weakening, though Indians still remain conservative in their finances.

Meanwhile, a crime wave has made many cautious about carrying large bundles of cash. "Today, not many of us feel very comfortable moving about with Rs10,000 in our pockets," says Mr Verma.

Greater competition has spurred banks to market cards. About 100,000 shops, hotels and restaurants in India now accept Visa and Mastercard. About 30,000 accept American Express.

"It is an extremely immature market," says Richard Cromwell, who heads Hongkong Bank's credit card and personal banking division in India.

Almost all issuers opt for a near-identical and very low income threshold – between Rs60,000 and Rs75,000 a year, which makes about 8m eligible for cards today. As a result, most companies compete for the same people in the same big cities.

State Bank and GE Capital, however, plan to use the bank's 9,000 branches to offer cards nationwide, says Mr Wendt.

Other issuers are starting to offer niche products, such as affinity cards, loyalty programmes and dollar denominated cards for Indians travelling abroad, because the rupee is not fully convertible.

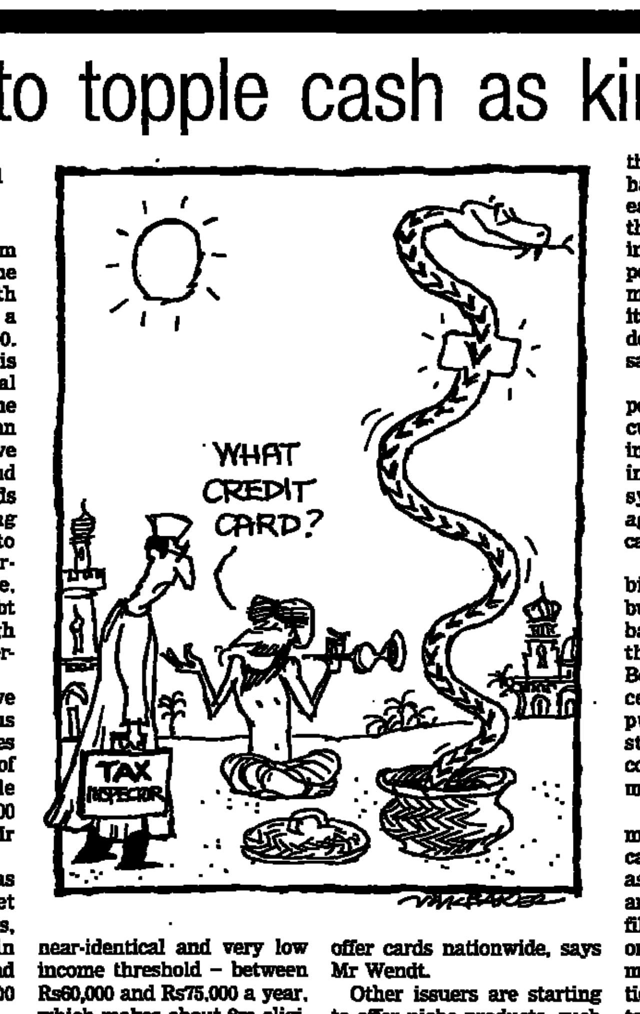
While bankers admit that there are risks involved in handing out cards to people earning less than $2,000, they point out that this is income declared for tax purposes. "Real income is often much higher, and credit limits are low. We do not find delinquency rates are high," says Mr Cromwell.

But risk control is hampered by the lack of reliable customer data and pooled information. The best banks invest heavily in checking systems and verification agents, who make house calls.

State interference poses a bigger threat to India's budding card revolution. The banks recently persuaded the local government in Bombay to withdraw a 1 per cent surcharge on card purchases, which had stunted growth in the country's biggest credit card market.

However, India's finance minister this year added cards to the list of prestige assets that denote wealth and oblige their owners to file tax returns. If there is one thing rich Indians fear more than thugs and extortionists, it is a visit from the tax inspector.

Bankers fear that any big crack-down on cardholders could remind them that bundles of notes have one big advantage over cards: they leave no trace of their owner's wealth.



BTM aims to expand without state funding

By Gillian Tett in Tokyo

The Bank of Tokyo Mitsubishi, the country's largest bank, yesterday startled Japan's financial world by declaring that it would probably not apply for government funds to expand its capital base.

Instead, the bank will boost its financial strength by issuing Y240bn preferred shares, selling its Tokyo headquarters and selling about 20 per cent of its stake in UnionBanCal, its US subsidiary.

Shigemitsu Miki, BTM deputy president, said: "We think we can [achieve financial strength] on our own."

The move marks an embarrassing blow for the government's attempts to revitalise the banking sector by using up to Y25,000bn ($208bn) to expand the banks' capital bases. BTM has traditionally been considered an industry leader and currently heads the banking industry association.

However, six other banks indicated yesterday that they would each probably apply for between Y300bn and Y700bn in public funds. They are Dai-Ichi Kangyo, Sumitomo, Sakura, Fuji, Tokai and Asahi.

With Sanwa and Daiwa having indicated their intention to ask for funds earlier this week, these banks are collectively seeking up to Y4,000bn of aid. Japan's remaining 10 large banks will announce their results next week, and most are expected to apply for funds.

The government insists public fund injections represent a crucial part of the Y60,000bn support scheme announced this autumn to resolve Japan's banking problems. But in recent weeks many banks have privately expressed concern that accepting public funds could leave them vulnerable to political pressure.

BTM yesterday said that it planned to raise its capital adequacy ratio to 10 per cent next March; it was 9.06 per cent at the end of September. It is to issue Y240bn new shares, primarily to other companies in the Mitsubishi *keiretsu*, or business group, and is considering raising additional capital overseas. The bank expects to raise a further $750m from selling part of its stake in UnionBanCal, to bring its holding down to about 60 per cent. The sale of its Tokyo headquarters will raise a further Y60bn. The bank also pledged to cut its workforce by 3,000 to 15,500 over the next three years.

Livent shares tumble

Shares of Livent, the troubled Canadian theatre group, fell to 30 cents yesterday as trading resumed since being halted in August when the company revealed accounting irregularities, writes Edward Alden in Toronto.

The Ontario Securities Commission yesterday removed the "cease trade" order after Livent filed second-quarter earnings and revised financial statements for the past two years and the first quarter of 1998.

The shares were trading at C$10.15 at the time of the halt on August 7.

Livent, which has sued company founder Garth Drabinsky on allegations of massive accounting fraud and kickbacks, this week filed for bankruptcy protection in the US and Canada. Company directors have provided US$5m in short-term loans to cover immediate financial needs.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	THURSDAY NOVEMBER 19 1998: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY NOVEMBER 18 1998: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (75)	199.32	0.5	177.16	149.68	174.09	205.38	0.3	3.64	198.26	175.66	152.05	171.89	204.76	219.96	163.86	196.15
Austria (22)	180.36	-0.8	160.31	135.44	157.53	157.42	-0.1	2.22	181.82	161.09	139.44	157.63	157.52	253.73	166.45	190.14
Belgium (22)	372.24	-0.1	330.85	279.53	325.12	318.08	0.6	2.12	372.71	330.21	285.83	323.12	316.27	398.52	249.06	250.76
Brazil (32)	162.94	-3.2	144.82	122.36	142.31	358.08	-3.0	2.49	168.40	149.20	129.14	145.99	369.17	269.34	102.68	219.36
Canada (119)	195.15	2.2	173.45	146.55	170.44	218.82	1.8	1.81	190.99	169.21	146.47	165.58	214.93	248.78	158.94	213.43
Denmark (34)	458.47	-1.3	407.49	344.29	400.43	398.38	-0.6	1.76	464.53	411.57	356.25	402.73	400.54	537.33	415.82	416.90
Finland (28)	473.11	3.0	420.50	355.28	413.22	507.17	3.7	1.80	459.55	407.16	352.44	398.42	489.02	506.48	267.59	306.95
France (75)	306.46	1.3	272.39	230.14	267.57	270.75	2.0	2.31	302.65	268.14	232.10	262.38	265.41	345.18	225.24	229.25
Germany (55)	266.51	1.2	236.88	200.14	232.77	232.77	1.9	1.39	263.44	233.41	202.04	228.39	228.39	325.61	216.42	217.34
Greece (35)	305.31	3.5	271.36	229.27	266.66	615.78	3.9	1.41	295.10	261.46	226.32	255.84	592.51	333.20	211.47	–
Hong Kong, China (67)	322.82	1.2	286.92	242.42	281.95	320.95	1.2	4.08	318.92	282.56	244.58	276.49	317.08	389.07	196.64	346.61
Indonesia (26)	46.87	3.8	41.66	35.20	40.94	219.26	4.2	1.45	45.15	40.00	34.63	39.15	210.51	105.21	19.04	105.21
Ireland (16)	492.00	0.3	437.30	369.47	429.72	468.57	1.1	2.07	490.33	434.43	376.04	425.10	463.38	560.44	376.58	376.58
Italy (53)	158.21	1.3	140.62	118.81	138.18	196.49	2.0	1.42	156.24	138.43	119.82	135.45	192.58	184.49	108.44	108.80
Japan (446)	97.37	1.1	86.54	73.12	85.04	73.12	-1.0	1.03	96.27	85.30	73.83	83.46	73.83	109.73	76.83	99.66
Mexico (29)	1152.43	-1.1	1024.29	865.42	1006.54	12498.02	-1.3	2.04	1165.54	1032.65	893.86	1010.47	12660.58	1803.07	787.15	1543.09
Netherlands (27)	479.44	0.6	426.13	360.04	418.75	414.50	1.3	2.25	476.69	422.34	365.58	413.27	409.09	562.38	391.03	404.45
New Zealand (18)	58.83	-0.1	52.29	44.18	51.38	57.48	-0.9	5.08	58.86	52.15	45.14	51.03	57.99	83.51	45.68	83.51
Norway (38)	224.12	0.9	199.20	168.30	195.75	227.40	1.8	2.64	222.05	196.74	170.30	192.51	223.46	357.71	181.86	339.80
Philippines (22)	81.10	0.4	72.08	60.90	70.83	160.05	-0.4	0.97	80.78	71.57	61.95	70.03	160.62	106.98	42.48	88.12
Portugal (18)	254.48	0.1	226.18	191.10	222.26	298.98	0.8	1.11	254.24	225.26	194.98	220.42	297.60	299.39	194.13	–
Singapore (41)	206.86	5.8	183.86	155.34	180.67	154.67	5.2	2.04	195.50	173.22	149.93	169.49	147.03	264.82	102.45	236.11
South Africa (39)	213.18	2.2	189.48	160.09	186.19	263.04	1.7	3.54	208.59	184.81	159.97	180.84	258.73	346.20	151.55	271.24
Spain (30)	370.60	2.2	329.40	278.30	323.69	401.49	3.0	1.97	362.68	321.33	278.14	314.43	389.63	417.73	255.04	255.04
Sweden (46)	487.08	0.3	432.92	365.77	425.42	582.64	1.1	2.01	485.78	430.40	372.55	421.15	576.33	628.19	379.18	478.52
Switzerland (30)	402.43	1.4	357.68	302.20	351.48	344.67	2.0	1.24	396.73	351.50	304.25	343.95	337.77	439.48	307.73	316.78
Thailand (35)	22.20	6.0	19.73	16.67	19.39	31.24	5.9	3.03	20.96	18.57	16.07	18.17	29.50	33.84	8.15	28.23
United Kingdom (208)	362.76	1.9	322.43	272.42	316.84	322.43	2.2	3.05	356.07	315.47	273.07	308.70	315.47	401.84	307.86	321.47
USA (620)	472.19	0.7	419.68	354.59	412.41	472.19	0.7	1.38	468.98	415.51	359.67	408.59	468.98	485.88	378.74	384.50
Americas (800)	420.65	0.7	373.87	315.88	367.40	356.83	0.7	1.40	417.73	370.11	320.36	362.16	354.40	437.03	343.40	349.30
Europe (737)	339.13	1.4	301.42	254.67	296.20	307.49	2.0	2.19	334.60	296.45	256.61	290.08	301.58	386.24	278.32	278.32
Eurobloc (346)	97.54	1.1	86.69	73.25	85.19	92.21	1.9	1.86	96.45	85.46	73.97	83.62	90.50	113.28	81.53	–
Nordic (146)	451.81	0.6	401.57	339.28	394.61	455.70	1.4	1.96	449.04	397.84	344.37	389.30	449.33	555.97	360.04	420.75
Pacific Basin (730)	105.71	1.2	93.96	79.39	92.33	81.65	-0.5	1.59	104.50	92.58	80.14	90.59	82.09	119.48	82.88	110.05
Euro-Pacific (1467)	202.69	1.3	180.16	152.21	177.04	166.34	1.2	2.01	200.10	177.28	153.46	173.48	164.34	220.19	166.00	180.25
North America (739)	453.53	0.7	403.10	340.58	396.12	454.78	0.7	1.39	450.22	398.89	345.28	390.32	451.52	469.20	367.39	373.72
Europe Ex. UK (529)	315.99	1.1	280.85	237.29	275.98	290.93	1.8	1.77	312.54	276.91	239.69	270.96	285.67	366.32	249.06	249.06
Europe Ex. Eurobloc (391)	93.16	1.6	82.80	69.96	81.36	91.85	2.0	2.53	91.69	81.24	70.32	79.50	90.02	103.93	77.40	–
Europe Ex. UK Ex. Eurobloc (183)	94.70	1.0	84.17	71.12	82.71	90.87	1.7	1.50	93.74	83.05	71.89	81.27	89.36	109.21	75.16	–
Pacific Ex. Japan (284)	184.39	1.3	163.89	138.47	161.05	185.56	1.1	3.69	182.09	161.33	139.64	157.86	183.56	217.77	128.26	203.91
World Ex. Eurobloc (1960)	99.21	0.9	88.18	74.50	86.65	97.90	0.7	1.65	98.29	87.08	75.38	85.21	97.18	103.16	83.09	–
World Ex. US (1686)	202.70	1.3	180.16	152.21	177.04	171.51	1.2	2.02	200.11	177.30	153.47	173.49	169.49	221.91	165.95	184.01
World Ex. UK (2098)	282.58	0.9	251.16	212.20	246.81	252.10	0.8	1.53	280.15	248.21	214.85	242.88	250.14	298.02	234.66	241.64
World Ex. Japan (1860)	385.17	0.9	342.34	289.24	336.41	373.95	1.1	1.76	381.54	338.04	292.61	330.78	369.72	411.23	318.78	323.09
The World Index (2306)	289.47	1.0	257.29	217.38	252.83	258.60	0.9	1.68	286.69	254.01	219.87	248.55	256.23	308.56	242.08	248.43

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FTSE GOLD MINES INDEX

	Nov 19	% chg on day	Nov 18	Year ago	Gross div yield %	Total return	52 week High	52 week Low
Gold Mines Index (28)	1138.02	0.9	1127.79	1650.20	1.84	1149.63	1391.57	701.58
Regional Indices								
Africa (9)	1259.44	4.8	1201.88	1998.06	3.26	1265.18	1488.04	765.63
Australasia (9)	1306.55	2.7	1272.31	1619.90	2.37	1311.78	1600.53	815.63
Americas (11)	1075.15	-1.2	1088.58	1058.97	0.70	1078.17	1317.41	647.69

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LEGAL NOTICE

No. 006389 of 1998

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF ROYAL ORDNANCE PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 9th November 1998 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £200,000,000 to £50,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Companies Court Registrar at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 2nd December 1998.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by under mentioned Solicitors on payment of the regulated charge for the same.

DATED the 21st day of November 1998

Slaughter and May,
35 Basinghall Street,
London EC2V 5DB
Tel: 0171 600 1200
Ref: MNM

No. 005776 of 1998

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF BOOSEY & HAWKES PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division relating to the above-named Company dated 11th November 1998 confirming the reduction of the Share Premium Account by £13.4 million was registered by the Registrar of Companies on 13th November 1998.

DATED the 21st day of November 1998

Slaughter and May
35, Basinghall Street,
London EC2V 5DB
Tel: 0171 600 1200
Ref: MNM

In the Matter of
HUTTON GROUP LIMITED
and in the Matter of the Insolvency Act and Rules 1986

In accordance with Rule 4.106, I, David S Merrygold of Pannell Kerr Forster, Pannell House, Charter Court, Severalls Business Park, Colchester, Essex, CO4 4YA, give notice that on 13 November 1998 I was appointed Liquidator by resolution of members.

Notice is hereby given that the creditors of the above named company, which is being voluntarily wound up, are required, on or before 23 December 1998 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David S Merrygold of Pannell Kerr Forster, Pannell House, Charter Court, Severalls Business Park, Colchester, Essex, CO4 4YA, the Liquidator of the said company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution.

Note: This notice is purely formal. All creditors have been or will be paid in full.

Dated 13 November 1998
DAVID S MERRYGOLD Liquidator

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COMPANIES FT MARKETS

Weekend November 21/November 22 1998

ECCLESIASTICAL

Deutsche set to close Bankers Trust deal

By William Lewis and Tracy Corrigan in New York and Tony Barber in Frankfurt

Deutsche Bank, Germany's largest bank, is close to concluding a takeover agreement with Bankers Trust, the eighth largest bank holding company in the US.

People close to the takeover talks yesterday said an announcement was provisionally planned for November 30. However, it could be brought forward as rumours of the deal were mounting among traders in the US and German markets. Yesterday morning, Bankers Trust's stock price rose 5.91 per cent or $4¼ to $76¼ on rumours of the deal. Deutsche's stock price closed up almost 5 per cent yesterday to DM108. If completed at more than Bankers Trust's current market capitalisation of $7.5bn, it would be one of the three largest cross-border financial services deals.

The Financial Times disclosed last month that Deutsche and Bankers Trust had begun preliminary takeover talks. Since then, people close to the companies say the talks have progressed rapidly and that Deutsche's due diligence is progressing smoothly.

They said the deal was still days from being signed and that, in spite of the advanced nature of the negotiations, either side could back out of the talks. "It is not a done deal yet, but it is expected to be," said one person with knowledge of negotiations.

Deutsche and Bankers Trust declined to comment. Deutsche is being advised by Goldman Sachs and Bankers Trust by Morgan Stanley Dean Witter. Both investment banks also declined to comment.

Bankers Trust's current market capitalisation is about $7.5bn. This means that its stock is trading at some 1.7 times its book value of $4.3bn, about the average for the US investment banking and brokerage sector. However, that is substantially below the 2.4 multiple to book which investment banks reached at the end of 1997, according to Michael Lipper of Lipper Analytical.

The recent market turbulence is said to have led senior executives at Bankers Trust to conclude that its $4.7bn of stockholders equity and focus on specialist businesses left it ill-equipped to weather a future prolonged bear market on its own. The executives said they needed to link with a large financial institution that had a stronger capital base.

The bank recently reported a third quarter net loss of $488m or nearly $5 a share.

The purchase of a US institution has always been a central part of the vision of Rolf Breuer, the Deutsche chief executive. His aim is to expand Deutsche's international operations in an attempt to nudge it into the ranks of the world's top investment houses.

Deutsche's operating profit shrank from DM1.26bn ($750m) to DM70m in the three months to September 30.

Viag dominant partner in merger with Alusuisse

By Frederick Stüdemann in Berlin

Viag, the German conglomerate, and Alusuisse, the Swiss industrial group, have completed terms for a "merger of equals", creating a company with annual sales of about DM50bn ($30bn) and net earnings of DM1.5bn.

The deal is due to be completed before next summer, after tax details have been sorted out.

The merger – the latest in a wave of industrial restructuring in Germany – in which Viag will be the dominant partner, follows uncertainty over what form any deal would take after Alusuisse confirmed this week that the two were in talks about varying degrees of co-operation.

Financial markets had interpreted this as a sign that a takeover by Viag could be imminent, although neither group commented at this point.

As owners of the bigger partner, Viag shareholders – who include the state of Bavaria, the Allianz insurance group and HypoVereinsbank – will hold the majority of shares in a new group with headquarters in Munich. That stake is expected to be at least 60 per cent.

Wilhelm Simson, Viag's recently-appointed chairman, will head the managerial board of the new company. Theodor Tschopp, head of administrative board at Alusuisse, will head the supervisory board. Sergio Marchionne, Alusuisse chief executive, will work as deputy to Mr Simson.

The difference in tax regimes between Germany and Switzerland – in particular the treatment of hidden reserves – is understood to be the main outstanding issue in the merger, in which the companies are using US generally accepted accounting principles (GAAP), raising the prospect of a future listing on a US stock market.

The strategic objective is Mr Simson's vision of a company split roughly evenly between a "commodities" group, made up of Viag's core energy business and its fledgling telecommunications subsidiary, and an "industrial" group comprising chemicals, packaging and aluminium. Energy accounts for roughly 80 per cent of Viag's earnings.

The decision to opt for a "merger of equals" was due to Mr Simson's wish to avoid the acquisition and goodwill write-off costs of a takeover.

Investors responded positively to the news of a merger rather than a takeover. Viag's share price closed DM1 up yesterday at DM1,026.

Earlier this week the share price had fallen 14 per cent over three days following a report that the companies were in talks. Investors had feared Viag would be burdened with acquisition costs that would have cost it an estimated DM10bn to DM15bn.

Output of magnesium to be ended by Dow Chemical

Kenneth Gooding, Mining Correspondent

Dow Chemical said yesterday it was quitting magnesium production and would close its plant at Freeport, Texas. Last year the factory accounted for about 15 per cent of global output of the metal and nearly 40 per cent of US production.

Magnesium is the lightest structural material and is increasingly used to produce castings for applications where weight is critical. Demand from the automotive industry jumped by 32 per cent last year and was up another 16 per cent in the first half of this year.

Traders suggested there was a scramble by US customers to secure supplies after Dow's announcement, but there was no shortage. "Prices might move higher once the stock overhang is absorbed," said one.

Byron Clow, executive vice-president of the International Magnesium Association, said the closure would leave "a big hole" in the market until new capacity in Quebec and Australia came into operation early next decade. "But I'm sure the Chinese will rush to fill that hole."

Dow's decision to leave the business, after 57 years of producing magnesium at Freeport, was not a surprise. For the past two years it has been looking for a buyer for what it decided were non-core operations. The timing, however, was sudden. Dow said that lightning and storms in September that damaged the plant meant a sale was now out of the question.

The company will try to relocate about 200 employees, but about 300 contract workers will lose their jobs.

Global magnesium production last year was about 421,000 tonnes, according to Magnesium Monthly Review. Dow's plant had a 65,000 tonnes capacity but produced about 60,000 tonnes last year.

Roskill, the market analysis company, said the use of magnesium by the automotive industry could be expected to grow at an average of 14 per cent a year to reach 100,000 tonnes by 2000.

THE LEX COLUMN

Complex Formula

Examining the twists and turns of the Formula One $2bn bond issue hardly compares with the real thing – except for bankers. For them, there is one thing more thrilling than Mika Hakkinen. And that is whether the cash flows from the Formula One business will be big enough to support the interest and principal repayments on the bond.

Formula One's advisers have subjected the cash-flow models to extraordinary stresses. One scenario looks at what would happen if, among other things, the annual number of Grand Prix falls from 17 to 13 and television contracts accounting for 25 per cent of free-TV revenues default. There would still be enough cash.

So why is there still market nervousness? One issue is the European Commission's position. It is concerned about the length of certain exclusive TV contracts. But Formula One points out that, if it had to shorten the contracts, it thinks it would be able to renegotiate them on better terms. That is probably so. But for bondholders, the certainty of the cash flows is as important as anything. Then there is the issue of whether Formula One's ownership of intellectual property rights to the sport is secure. The advisers have received legal advice to the effect that the Commission's competition authorities cannot challenge ownership of such rights. But it would be nice to hear the Commission saying so itself.

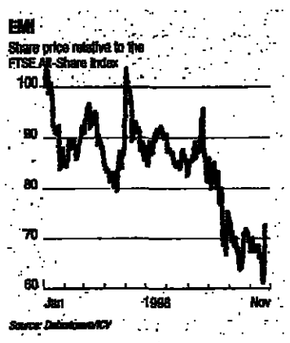
The oddest thing about the whole episode is why Formula One does not wait until the regulatory uncertainty is completely cleared up.

EMI

Is a bid for EMI finally on the cards? Yesterday's 17 per cent rise in its shares suggests something is up. But what exactly? Following Seagram's acquisition of PolyGram this summer, it is hard to see which trade player could buy EMI. Excepting Bertelsmann, which would only face problems in Germany and Brazil, the resulting entity would be so dominant that competition authorities would cry foul. And even Bertelsmann would have problems financing a $7bn-plus deal – including debt and a bid premium – unless it floated off parts of its empire.

Outside the other major music groups, News Corporation, Viacom and Walt Disney are possibilities. But with flagging sales, falling margins and rampant piracy, the music business is hardly attractive to new entrants. Given that EMI has not exactly flourished in the public eye lately, a management buy-in, perhaps by former PolyGram president Alain Lévy, would be a nice idea. But without a duplicated cost base to slash, justifying a chunky premium to EMI shareholders would be difficult. And with the bond market in its current state, financing would not be easy either.

Furthermore, despite its 30 per cent underperformance this year, an exit multiple of 14 or more times forecast 1999 operating profits does not look too tempting. With Tuesday's interim results likely to confirm the deterioration in EMI's trading since its September profit warning, this is not a bargain. A deal might just materialise, but EMI shareholders should not count on it.



Art

Champagne corks are popping in the art world. One of Van Gogh's last self-portraits has just sold for $71m in New York – the second highest auction price ever for a Van Gogh and nearly twice what his "Sunflowers" fetched in 1987. Works by Picasso, Monet and Modigliani have also comfortably beaten their estimates this week. Worldwide art auction sales are expected to top last season's $2.5bn, in itself the highest for a decade, according to Art Sales Index.

Is the art market overheating again? Its robustness in the face of global financial turmoil and slowing economic growth certainly appears remarkable. But it is also a little deceptive. Volumes are still well below the last peak in 1989-90, when auction sales reached $4.6bn. And this week's sales by Sotheby's and Christie's contained some of the best 19th and 20th century paintings to come to auction for years, which whetted the appetite of dedicated collectors.

Moreover, a two-tier market has developed. While masterpieces are fetching record sums, dealers and auctioneers are reporting declining interest in routine works, even by great artists. Pieces by Cezanne, Bonnard and Brancusi failed to find buyers this week, while 10-15 per cent of the lots at two Christie's modern art auctions remained unsold. In many ways this is reassuring. If buyers – nowadays almost all American and European, rather than Asian – have turned more discerning, there is less chance of repeating the boom and bust cycle of 10 years ago.

Drugs

The headline is that some UK schizophrenia sufferers are being denied a "suicide stopping" drug. A typical story in which the cash-strapped National Health Service is reluctant to give patients better, but more expensive, drugs. But an independent study showing the effectiveness of clozapine raises a much more interesting question about UK health spending. These drugs (makers include Novartis and Zeneca) cost £3-£4 ($5-$7) a day, about 20 times more than older varieties. But if they really cut suicide by 80 per cent, this saves on hospital treatment. A night in intensive care costs about £500.

The drugs industry needs this sort of evidence to thrive in slow-growing state-funded markets. To justify price/earnings ratios of 20-50 times, companies cannot rely on the fast-growing US market, where they are allowed to advertise. They must persuade public health providers to allocate more of their budgets to their products.

In the UK, a fragmented system has made it difficult to look at healthcare costs in the round. If, as in the case of schizophrenia, the costs are also spread over social services and police departments, proper cost-benefit analysis becomes even more fraught. The good news is that the government is looking not only at how to spread best practice through the NHS, but also at pooling budgets across branches of the care industry. While ministerial rhetoric may not sound friendly to drug companies, a more rational approach to healthcare spending would benefit the sector.

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New York: lunchtime		
Dow Jones Ind Av	9,118.37	(+54.32)
S & P Composite	1,187.24	(+4.63)
LONDON MONEY		
3-mo Interbank	6½%	(0)%
Liffe long gilt (Dc)	118.91	(116.24)
US LUNCHTIME RATES		
Federal Funds	4.375%	
3-m Treas Bills: Yld	4.47%	
Long Bond	100%	
Yield	5.30%	
NORTH SEA OIL (Argus)		
Brent Dated	$10.600	(10.540)
GOLD		
New York Comex (Dec)	$296.2	(295.9)
London	$296.25	(296.25)

STERLING
New York: lunchtime
$ 1.65425
London:

$	1.6600	(1.6551)
DM	2.7975	(2.8024)
FFr	9.3005	(9.365)
SFr	2.3037	(2.3045)
Y	198.306	(198.17)
£ Index	100.0	(100.0)

DOLLAR
New York: lunchtime

DM	1.69125	
FFr	5.6050	
SFr	1.3935	
Y	120.465	

London:

DM	1.6867	(1.69)
FFr	5.6625	(5.6322)
SFr	1.3908	(1.3915)
Y	120.25	(118.8)
$ Index	106.0	(106.0)

Tokyo close: Y 120.16

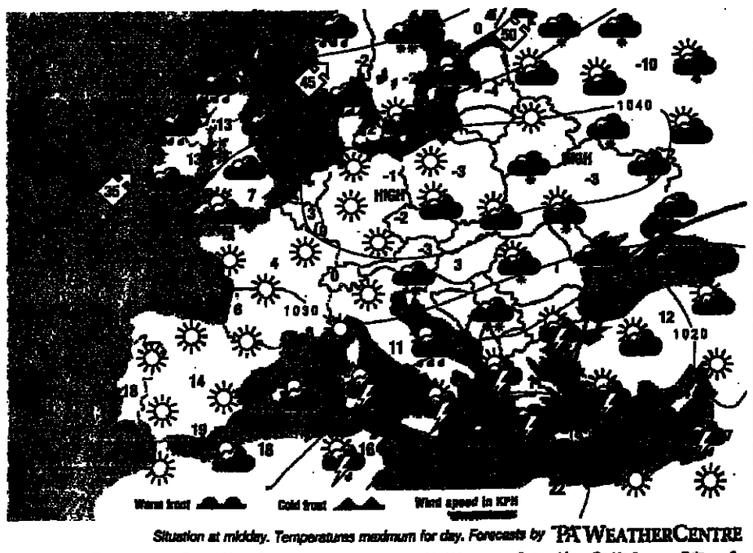
Weather

Europe today

An intense area of high pressure will continue to make much of northern and central Europe fine, cold and settled. There will be a severe overnight frost in many areas. Western Scandinavia will turn a little milder later in the day, with heavy rain moving east, preceded by snow. The Iberian peninsula will be dry with plenty of sunshine. Low pressure will keep the central Mediterranean unsettled with thundery rain.

Five-day forecast

Very cold conditions will continue across most of northern and central Europe during the next few days, but milder south-easterly winds should push warmer and more humid air towards eastern Europe by Tuesday. Greece will have extremely heavy rain and strong winds on Sunday and Monday as low pressure deepens.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES

		Maximum Celsius			
Abu Dhabi	Sun	28	Barcelona	Fair	10
Accra	Fair	32	Beijing	Cloudy	3
Algiers	Shower	18	Belfast	Rain	13
Amsterdam	Sun	4	Belgrade	Snow	1
Athens	Thunder	18	Berlin	Sun	-1
Atlanta	Sun	17	Bermuda	Fair	26
B. Aires	Sun	29	Bogota	Cloudy	19
B'ham	Fair	6	Bombay	Sun	32
Bangkok	Rain	33	Brussels	fog	3
			Budapest	Snow	3
			C'hagen	Fair	2
Cairo	Sun	26	Faro	Sun	18
Caracas	Thunder	30	Frankfurt	Fair	2
Cardiff	Shower	10	Geneva	Sun	0
Casablanca	Sun	21	Gibraltar	Fair	17
Chicago	Sun	9	Glasgow	Rain	13
Cologne	Sun	3	Hamburg	Fair	2
Dakar	Fair	33	Helsinki	Cloudy	0
Dallas	Sun	20	Hong Kong	Cloudy	26
Delhi	Fair	26	Honolulu	Fair	26
Dubai	Sun	31	Istanbul	Shower	14
Dublin	Rain	13	Jakarta	Thunder	31
Dubrovnik	Sun	5	Jersey	Fair	7
Edinburgh	Rain	13	Johannesburg	Fair	21
			Karachi	Sun	32
			Kuwait	Sun	30
			L. Angeles	Sun	25
			Las Palmas	Fair	23
			Lima	Rain	22
			Lisbon	Sun	18
			London	Fair	7
			Lux.bourg	Fair	0
			Lyon	fog	0
			Madeira	Fair	22
Madrid	Sun	14	Reykjavik	Rain	6
Majorca	Shower	18	Rio	Thunder	27
Malta	Shower	17	Rome	Shower	11
Manchester	Shower	6	S. Frsco	Fair	17
Manila	Cloudy	31	Seoul	Rain	5
Melbourne	Fair	25	Singapore	Fair	31
Mexico City	Shower	23	Stockholm	Fair	-2
Miami	Fair	29	Strasbourg	Fair	0
Milan	Sun	8	Sydney	Fair	22
Montreal	Fair	4	Tangier	Fair	19
Moscow	Fair	-10	Tel Aviv	Sun	27
Munich	Cloudy	-4	Tokyo	Fair	13
Nairobi	Thunder	22	Toronto	Fair	4
Naples	Hail	8	Vancouver	Rain	8
Nassau	Fair	29	Venice	Sun	7
New York	Fair	9	Vienna	Snow	-3
Nice	Fair	8	Warsaw	fog	-3
Nicosia	Sun	24	Washington	Fair	11
Oslo	Sleet	-2	Wellington	Shower	15
Paris	Sun	4	Winnipeg	Cloudy	5
Perth	Fair	30	Zurich	Fair	-1
Prague	Sun	-2			
Rangoon	Fair	30			

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FT WEEKEND
NOVEMBER 21 / NOVEMBER 22 1998

Designs on power

'I remember filling T. E. Lawrence's motorbike tank with fuel the evening before he died'

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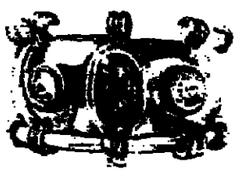


Power of the purse

'Necks are bare, ears unadorned, only on a finger can the glint of a jewel still be seen'

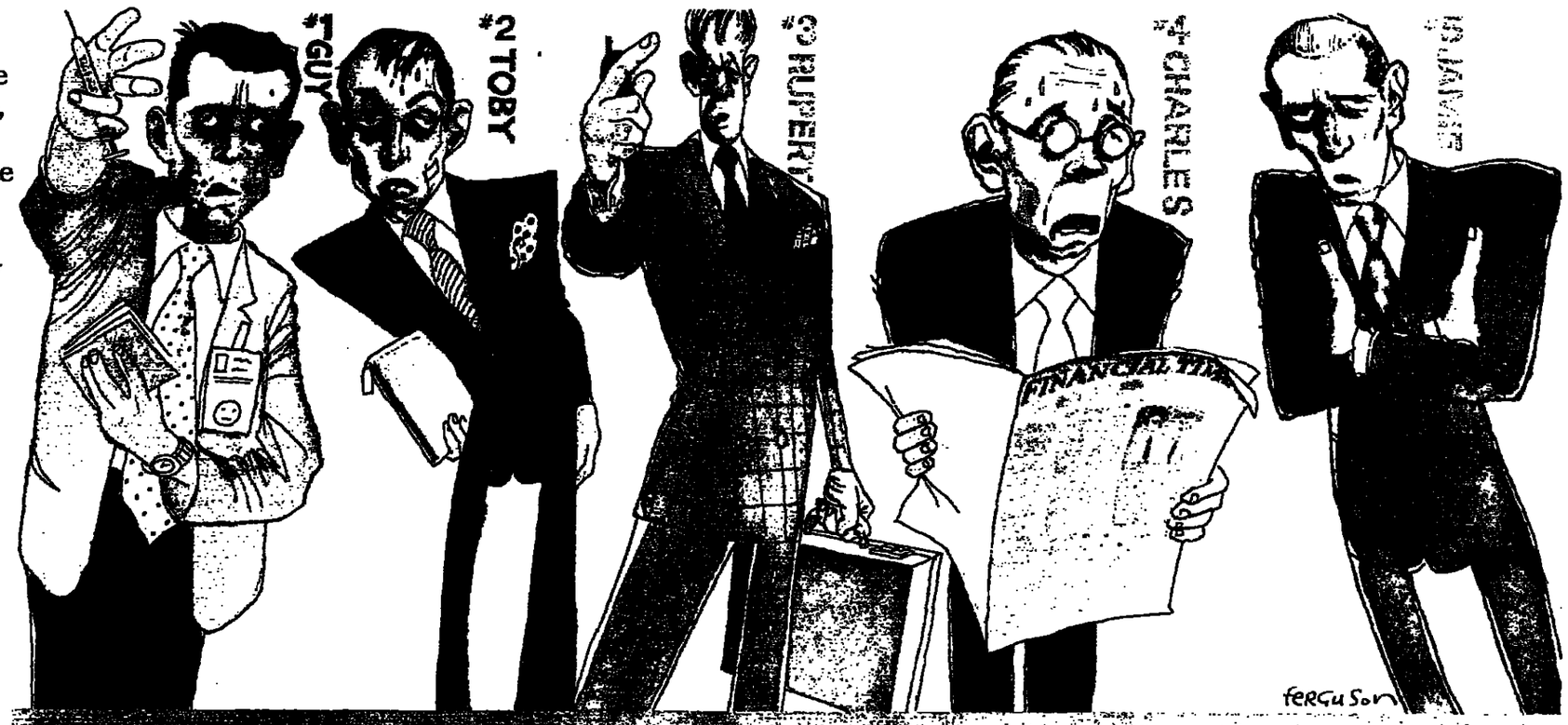
Page XI

Horse power

'It was enough to make you catch your breath. Proud carriage, straight nose and tall, curved ears'

Page XXIV

Smart young men with a heroin habit are on the increase, writes **Simon Buckby**, and the City is just the place to earn the money to pay for it



Smacke

Many times I've sat in meetings with my boss and a client, reached into my jacket for a pen and pulled out a needle by mistake," says Jarrett.

Aged 26, handsome, confident and articulate, he is typical of a growing breed with a well-paid job in the Square Mile and an addiction to heroin. Jarrett, needless to say, is not his real name.

Heroin was first patented as a medical alternative to morphine in November 1898, but was quickly made illegal because of its addictive power and terrible side-effects. Now it is losing its stigma; its image of unwashed junkies with dirty needles sleeping rough on the streets, such as those in the film *Trainspotting*, is shifting.

Rebranded, it is no longer just the scourge of the underclass, it is becoming the recreational drug of choice for a new "smackerati" of respectable professionals. Heroin is spreading out of the ghetto and into the City, where it is couriered to the office.

Jarrett grew up in Hale Barnes in south Manchester, a wealthy suburb where Manchester United footballers own large mansions. He went to Manchester Grammar, a top-flight private school. "As at most schools these days, almost everyone took dope, speed or acid," he told me. "When I was in the sixth form, E became the big thing."

Following in the footsteps of many gap-year students, he travelled in India and Nepal for a year and dabbled in the local drugs – cannabis and opiates mostly.

In 1991, he went to study cognitive psychology at the University of Westminster, where, like some other students, he occasionally took cannabis, cocaine and ecstacy. Unlike other students he also began taking heroin.

"I knew some schoolmates who had tried it," he said. "They'd just finished university and moved to London. They came round to my flat to watch TV and said they'd brought a bag of heroin with them. They asked if I fancied a go?

"I didn't think twice about it. I knew the risks. I remember the 'heroin screws you up' ads. But I was keen to try it. My mates had been doing 'gear' most weekends and 'brown' was the one drug I hadn't done."

"Brown" and "gear" are 1990s slang for heroin. A 20th of a gramme comes in a small twist of plastic – a "bag" – and costs £10, although London dealers are currently selling it for just £2.

He started out smoking, or "chasing the dragon", which involves placing heroin on a sheet of tinfoil, heating from underneath and inhaling the fumes.

"It hits you within 10 seconds. You can feel the stress leaving your body and your muscles relaxing. You feel cocooned in ermine, with no worries, away from the mundaneness of life. It's like in that first five seconds after you wake up in the morning.

"You can think as clearly as normal. You can hold down a conversation, though your speech is a bit slurred. Then, suddenly it's tomorrow and you think: Wow, what happened. You've slept it off.

"The first few times it makes you vomit. But by the time it makes you sick, it's already dispelled your ability to worry. So every junkie I know says it's the nicest vomit you ever have."

He showed me a huge black scar above his wrist, caused by accidentally resting his arm in an open fire. "I smelt it before I felt it. No, it's not that you can't feel. It's that you don't care about the pain." And there are scars on his fingers where he has not bothered to stub out cigarettes, so they have just burned into his skin.

Throughout his final year at university, he smoked heroin every weekend, even during his finals. "It didn't affect me," he said. "I still got a 2:1."

After university, Jarrett went travelling again, this time to central America, where he smoked heroin more or less every day. When he ran out of money, he returned to London.

In 1995, at the age of 22, he got a job. "I thought: what's the quickest way to make as much money as possible so I can spend it on having fun? I had a few mates who worked in the City. I didn't know anything about what they did but I knew they made lots of money.

"I got a job near Old Street Tube station, brokering corporate computer contracts for multinationals. We had an annual turnover of about £100m."

He started on a salary of £50,000, quickly rising to £85,000, and bought a big flat in Fulham. "I had the fastest promotion in the history of the company. And all the time I was there I was on heroin."

By now he had been smoking heroin solidly for two years.

"I started to feel a bit ill if I went a couple of days without. I could score gear where I lived, but I needed to make sure I could get some near where I worked.

"Through some beggars in the Tube station, I found a regular supply in a squat round the corner from my office. I started buying it from them almost every day, usually in my lunch break."

Four people lived at the squat in squalor. Drug dealers use people like that as a safe supply channel, passing drugs beyond the underworld to office workers.

The enjoyment from heroin was starting to wear off for Jarrett. The squatters were not smoking it, they injected it. He said: "I just decided to have a go, to get a bigger buzz. And injecting £5 worth was even better than the first time I'd smoked.

"You can smoke it every day for months and stop without any withdrawal symptoms. In fact, you have a honeymoon first year.

"Intravenous is different. Two months after shooting up every day you are really hooked. If I missed a day, I was really ill and my eyes were streaming. It takes a while to turn into your master, but it inevitably will.

"Every time I've been to the squat, I've seen four or five other guys in suits – usually different people – either just buying or actually shooting up.

"There is a network of City suits who use gear," he claims. "Most don't like scoring off the street, but some of us don't mind. I would guess there is a heroin addict, or at least someone who uses it occasionally, in every City firm with more than 500 staff."

He has a simple explanation for why heroin is being taken up by this new class of user. "I felt my life in the City was empty, I hated getting up in the morning. As a symbol, I deliberately used my posh tie as a tourniquet. Others are under a lot of pressure in their jobs. Heroin is a way of forgetting about it all. Heroin is not a drug you do if you are happy.

"It's no coincidence that it used to be just the homeless and destitute who use heroin a lot. You feel like you don't care about anything and those people want to escape their lives."

But, he said, unlike the destitute, a well-paid user with a good source of clean heroin can live a fairly normal life for a long time.

> 'My boss knew I was on heroin but didn't care as long as I was making money for the company'

"I earned £85,000 a year. I had a really nice flat. Untidy, sure, but I wasn't living like a tramp. All my meals were on expenses. Every penny went on heroin. I often didn't have enough to buy a razor."

He said he certainly was not the only addict in his office. "Junkies know each other and stick together. There were 14 people in my team at work and I immediately found one of them was doing heroin as well. Another couple tried it with me. And I knew others in the company who were smoking it in the toilets during the day.

"My boss knew I was on heroin. He didn't care as long as I was making money for the company and didn't shoot up at my desk. But he saw my needle scars and asked me to cover my wrists and hands when we went to see clients."

For two years, Jarrett created a secret life, a sordid existence of desperate trips to find new sources of the drug he craved – a life that his family knew nothing about.

"I was caught in its clutches. It had become the main thing in my life. I spent every night with junkies and lost my social life.

"Heroin is the ultimate in submission and domination. There is nothing more selfish than heroin. It's like a lover, always there, all yours, and always predictable with its power to make the world appear a far more habitable place.

"You can't not love it. Of all the many hundreds of people I've met who have done it, lots want to get off it because it's their master. But none of them dislikes it."

He needed a large supply every single day. But his sources in the squat sometimes let him down. "I would have to search around in an agony of need. Then I'd find some and everything was OK.

"I would have four or five days off a month while I was ill, searching for drugs. We had a system on the team where every day you failed to show you had to pay a £50 fine into a drinks kitty. I regularly had to pay another £10 for coming in without shaving."

During this period he was picked up by the police for possessing heroin. "I was in court a couple of times. But I never got anything more than a £100 fine. People with my accent and job never do.

"Four years before, three of us had shared that first £10 bag and it lasted us the whole weekend. Now I was injecting over £100 a day. I had a lot of cash. So I didn't need to steal. But I lied a lot. You know you're falling into a stereotype, but you love it. You're in this secret underground world.

"I would shoot up before work, during lunch and a couple of times in the evening. I was blitzed all night and just avoided being sick all day. My skin went green and I was constantly constipated."

By now, even his friends who smoked heroin started to complain that he was "turning into trash". They decided to tell his parents.

"My parents collected me and took me to a clinic in Harrogate. It was a fast-opiate detox. I was put on sedatives for a few days, it's hard to know exactly how long. But after five days I was completely clean."

The clinic, run by Detox 5, part of the Cygnet Healthcare group, confirms the changing profile of heroin users. A representative said: "Just a few years ago we had virtually no professionals in here. There is definitely a growing trend."

But Jarrett did not stay away from heroin. "I was only clean for a few months. I got a new job in the City and picked up new suppliers. This time they actually came round to my office every day and dropped it off."

Despite his relapse, the clinic had put him on a road to recovery early last year. "After six months in the new job I'd had enough. I'd had enough of being ill all the time and having a crap life and I wanted to come off and start my life again. Making the decision to stop is purely personal and no one can make it for you or force your hand.

"I went back to my parents to get sorted out. For six days I went cold turkey unassisted. It was by far the worst time of my life. I had no sleep, no food, constant nightmare visions and total agony. It was a trip to the depths of my mind. But I knew I'd be sorted in a week or so and I just had to focus on that.

"I also knew I had to be back in Manchester to do it. Away from the City, my job and my dealers. I am very lucky, I had a way out. I had good parents and money. On the streets, people have no choice but to carry on.

"I've been away for a year and I guarantee my old suppliers and mates from the street are either dead or in jail. A year on I feel vindicated: 1998 is the first year in five years I have done no heroin at all. My emotions have reappeared. My sex drive is back.

"I have no regrets," he told me, as we sat in a pub in south Manchester, fashionable with Manchester United footballers. As his tale appeared to be coming to a happy ending, he made a chilling declaration.

"I don't want to get back to where I was before exactly, but I'll probably have another go – just to remind myself how good it is..."

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Joe Rogaly

Compassion by choice

'We judge our actions against selfish criteria. We are moral where it is cost-effective'

Page III

NEXT WEEK

A world away

The FT's top tips for stylish Christmas and New Year holidays

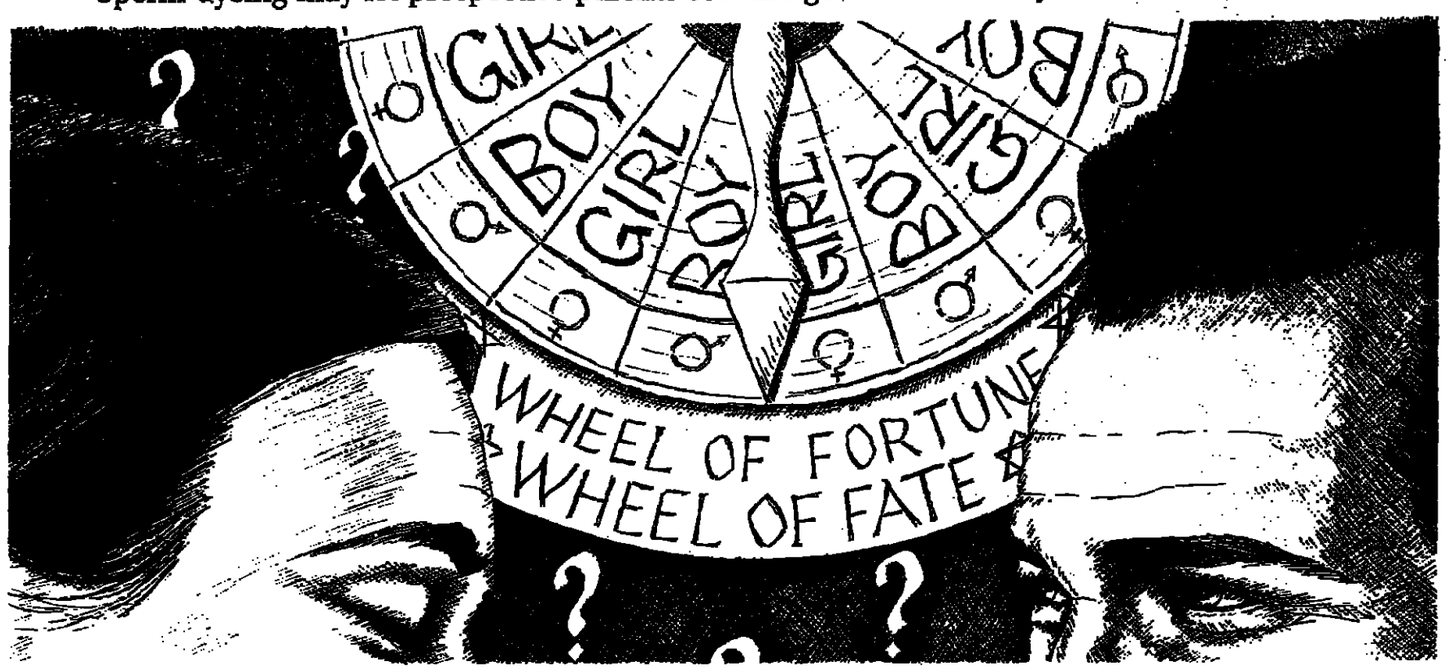
In FT Weekend

PERSPECTIVES

The Nature of Things

Sex aid for conception control

Sperm dyeing may let prospective parents sort the girls from the boys, writes **Kate Bendall**



When my mother went into labour with me, the midwife asked her whether she wanted a boy or a girl. "Well, I've got two little girls already," my mother replied. When I finally arrived, the midwife announced: "It's a lovely little girl – and you thought you wanted a boy." Fortunately for me, this response apparently summed up my mother's feelings very well.

Anecdotal methods for increasing the chances of conceiving a particular sex have existed for centuries, suggesting that some degree of preference is common among prospective parents. Aristotle believed the more heated the passion of the male partner during intercourse, the greater the chance of conceiving a male.

Modern suggestions for conceiving a particular sex include adjusting the timing of intercourse relative to ovulation, altering the frequency of intercourse or changing the acidity of the vagina. None of these has been proven effective.

Scientists have for years tried to develop reliable techniques for "preconception gender selection". Now, a company in Virginia in the US is offering a method called MicroSort, which exploits the size difference between the X and Y chromosomes. A person's sex is determined at conception by the sperm's chromosome content: if a sperm containing an X chromosome succeeds in fertilising the egg, a girl is conceived, while fertilisation with a Y-bearing sperm results in a boy.

Because the Y chromosome is roughly one third the size of the X, sperm carrying an X chromosome have 2.8 per cent more DNA than those carrying a Y. In the MicroSort procedure, scientists label the DNA in a sperm sample with a dye that emits fluorescence in ultraviolet light. Since X-bearing sperm contain more DNA, they fluoresce more brightly, and a machine can sort a sample into populations enriched for X- and Y-bearing sperm. Sorted sperm are used to achieve a pregnancy, either through IVF treatment, or by intra-uterine insemination, which is less invasive and easier to perform.

The method is far from perfect. The scientists are consistently able to enrich sperm populations for X-bearing sperm to 85 per cent and for Y-bearing sperm to 65 per cent. Although these figures are substantially better than the 50-50 mixture of an untreated ejaculate, some couples undergoing the process will be disappointed in the sex of their child. The research continues, however, and the sorting process is likely to improve significantly.

So, in years to come, will couples be able to ensure they conceive a child of their preferred gender simply by strolling into a high street clinic and handing over a sperm sample?

Leaving aside the question of how many couples would take such an opportunity if it were available, the new technology raises practical and ethical questions. There is a serious possibility that exposing human sperm cells to ultraviolet light and labelling their DNA with a fluorescent dye could increase the chances of harmful mutations. The scientists claim the method is safe: the dye is apparently non-toxic, binds DNA reversibly, and no mutations were found when a single gene was examined.

Most importantly, several hundred births in agricultural animals and all 11 human offspring born from the MicroSort method have been healthy. However, since agricultural animals usually have a short lifespan, the long-term safety of the technique remains unevaluated.

The second important consideration is who might wish to use the technique. Few people would raise ethical objections to its medical application, which is to prevent the conception of boys with certain genetic disorders. About 350 diseases, including haemophilia, Duchenne muscular dystrophy and some forms of hydrocephalus, are caused by mutations in genes on the X chromosome.

If a boy inherits an X chromosome carrying a faulty gene from his mother, he will suffer from the disease. In contrast, a girl inheriting the faulty gene has a second X chromosome from her father, and the chances are this will have a normal copy of the gene.

Consequently, in many of these diseases, such as hydrocephalus, girls with one faulty gene show no disease symptoms. The use of MicroSort should enable women carrying certain faulty genes to bear only healthy daughters. However, the method has drawbacks. First, in some of these diseases, female carriers with one faulty and one normal gene may suffer milder disease symptoms in later life. In Duchenne muscular dystrophy, for example, female carriers often begin to show signs of muscle weakness in their 20s and 30s – sadly, often when they are coming to terms with having a severely handicapped son.

A second disadvantage is that even where a female carrier suffers no symptoms, she will face the same dilemma as her parents if she wishes to have a family herself, and will have to undergo sperm sorting in order to avoid having an affected son. Given these difficulties, an alternative route of conventional IVF treatment will probably remain desirable for some couples. This allows individual embryos to be tested so only those not carrying a faulty gene are returned to the uterus.

The other main application would be for "family balancing": for example, parents who already have three sons might wish to ensure they conceive a daughter. The scientists justify this by claiming that MicroSort can increase human happiness. However, this is surely an area for ethical debate. Even the term – family balancing – with its implication that a family where the children are all of the same sex is in some way unbalanced and therefore less desirable, seems faintly repellent.

There might also be serious ramifications for the children themselves. An only daughter, conceived through such an expensive technological innovation, might not live up to high parental expectations. While she might feel especially "wanted" for being female, her brothers could feel less valued simply for being male.

Finally, in cultures where one sex is considered more desirable by a majority of couples, the availability of MicroSort could increase imbalances in the sex ratio in the general population. Choosing the sex of offspring will inevitably become a realistic option for many couples. We should be aware of the possible consequences.

■ *Kate Bendall, Mammalian Genetics Unit, MRC Harwell, Didcot, Oxon OX11 0RD.*

Minding Your Own Business

Setting rocks on a roll

The O'Grady brothers have built solid careers on fine stone, writes **Grania Langdon-Down**

Jo O'Grady, who runs a stone flooring company with his brother Richard, will be paying for his supplies in euros next year. In the summer, he contracted to buy enough euros to pay for 80 per cent of what the company, Stone Age, is planning to spend on stone in Europe next year. "It is looking quite good at the moment because sterling has weakened and interest rates have come down at last."

But he admits it is a gamble. "The economy is on the edge of an abyss. But I think people are fed up with being talked into a recession and I am more hopeful now that business will hold up than I was two months ago."

Tall and reserved in comparison with his altogether bouncier brother Richard, Jo has spent 10 years building up his expertise in stone. Stock consists of 70 stones in greys, beiges, browns, creams, greens and black from small European and African quarries for floors, walls, stairs, fire surrounds and vanity units. Stone Age mainly supplies architects but also attracts individual customers to the showrooms in Fulham, west London.

The cost of buying stone tiles for a 20ft by 20ft kitchen would be about £3,000. So far, orders are holding steady at about £130,000 a month – a level reached during a surge of interest in stone that followed Labour's 1997 election victory. "Suddenly everyone was refurbishing their image," says Richard, joint director with Jo.

The company currently numbers six, including Jo's wife Sally who is company secretary. Their younger brother Roddy helps out part-time between acting jobs, while Richard's wife Alexandra helps with marketing and publicity.

For Stone Age, growth has been steady since its first year turnover of £77,000 10 years ago to £1.36m during 1997/98. It rode the last recession supplying architects working at the top end of the commercial market.

Jo, now 40, started his career as a salesman but on reaching 30, decided it was time to set up his own business. He explains: "It was the late 1980s and everybody seemed to be going mad about terracotta tiles. I decided to concentrate on limestone and sandstone and find a thin stone tile in more muted colours which would look good indoors, whether in homes, shops or offices."

He turned a bedroom in his south London home into an office, had a cheap letterhead printed and wrote to more than 100 quarries and stone factories abroad. Twenty replied but only one produced the sort of stone he was looking for, a grey and beige stone called pietra laro. He visited the quarry and factory in Spain and Stone Age was launched.

"I borrowed £10,000, which I spent on advertising, buying a car and paying myself a salary." He sent mailshots to architects and designers and in six months he had used up the loan. But then architect Eva Jiřična ordered £32,000 worth of stone tiles for a Joseph fashion shop in Sloane Street, London.

At the end of his second year, Jo's older brother Richard, 42, who had been running his own furniture business, joined the company. By the end of 1989/90, Stone Age was supplying five different stones and turnover was up to £221,000, with net profits of £22,000. The following year turnover increased to £282,000 but net profits were down to £3,500 as overheads had gone up by £20,000 – the bulk going on advertising. "We also paid ourselves a bit more," Richard says.

After three years working from a bedroom, the two converted Jo's garage into an office, renting their first showroom in Fulham two years later. Last year they bought the three-storey building for £120,000, putting £40,000 up themselves and taking a commercial mortgage on the rest. They have spent £60,000 refurbishing the ground-floor showroom and office and converting the upper floors into a flat which they hope will be used by Stone Age staff. They are also renting a second showroom two doors away. Richard says: "Architects can decide on a particular stone from a piece the size of your hand; private clients very rarely buy unless they can stand on it first."

During 1997-98, Stone Age saw a net profit of £37,000. Overheads also grew, with marketing now accounting for £100,000, and pay rises for the brothers.

The main target of the marketing was architects. "The more names we can drop, the more prestigious projects we can do, the more attention we can attract," says Richard. Their stone can now be found at Glyndebourne opera house, the Sackler Gallery extension at the Royal Academy in Piccadilly, London, designer Nicole Farhi's Bond Street shop, and at Habitat in London and Dublin.

The stone is kept in a warehouse in Chertsey, Surrey, where about £150,000 worth of stock is held. It is too much, Richard explains. But building work often runs late, and the stone, which Stone Age has already paid for, cannot be invoiced to the client until it is delivered.

Jo goes on buying trips to foreign quarries about six times a year. He also checks on quality control which is "notoriously irregular" in Europe. Only 5 per cent of their stone is English.

The building trade is a perilous business, but by being very tough on payment the company has only had a few bad debts. The brothers are pretty jaundiced about builders – from the big companies to "Joe Bloggs working on his own. In 10 years of working with them there are only 5 per cent I would do repeat business with," says Richard.

While the two brothers see their own projects through, Jo tends to concentrate on the financial and marketing side, while Richard enjoys the selling and pricing of jobs.

Having his own business has lived up to Jo's expectations although it consumes too much of his thoughts. "I was hoping it would make you more free but you end up less free than if you were an employee."

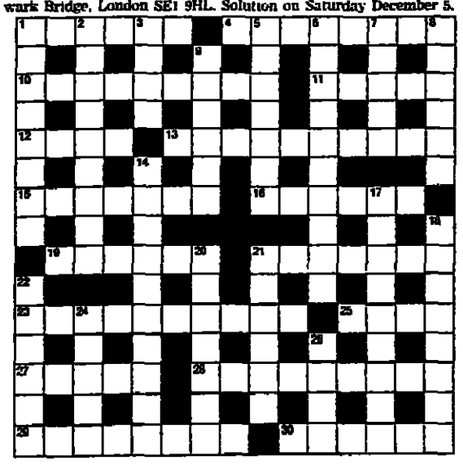
■ *Stone Age, 19 Filmer Road, London SW6 7BU; tel 0171-385 7954/5, fax 0171-385 7956*

Stone Age men: founder Jo O'Grady and brother Roddy David Ahmed

CROSSWORD

No. 9.845 Set by CINEPHILE

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday December 2, marked Crossword 9,845 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 5.



Name.....

Address.....

WINNERS 9,833: A.P. Fowell, Woodbridge, Suffolk; I. McLean, Hove, Sussex; Mrs C.A. Whitehead, Mobberley, Cheshire

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Crane's SINCE 1801

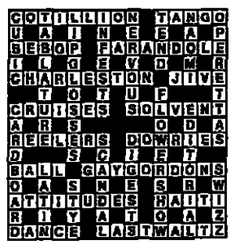
ACROSS

1 Left without poise (6)
4 Left with menace (8)
10 Fit together – put security underground (9)
11 Left German to make a chain (5)
12 Type of fuse for a siren? (4)
13 Fish swallowing liquor – a river: caveat emptor! (3,2,1,4)
15 Another try with lute in absolute style (7)
16 Rugged characters' chip on shoulder (6)
19 Part of stomach – the whole? The third (6)
21, 23 Gift pointing to straightforward part of speech (7,10)
25 Limited in equivalence to a South American (4)
27 Discouragement to a holy man is an incentive (5)
28 The Ash Rod is beaten by a narrow margin (5,4)
29 Indeed it's a bit off (8)
30 Summons a man to show agony? (6)

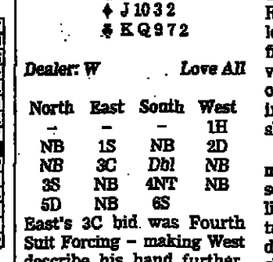
DOWN

1, 9, 3 Criminal damage – our gay birds love him for it (8,6,4)
2 The last word in policy? (9)
3 See 1
5 Hint of something from cuttle and other fish (7)
6 Latin ruled roughly, being unkind (3-7)
7 It takes two to make sunburn disappear (5)
8 An apple for a follower of Charlotte the model (6)
9 See 1 down
14 Plain words reduce gold, according to the DA (10)
17 No building here? A gentle putt would have sufficed (5,4)
18 Old time board game turns up – take both sides (8)
20 Painter is singular in the endgame (7)
21 Reactionary scientist takes article from dancer (6)
22 Sailor would find virtue virtuous (6)
24 Decline to make love in the fall (5)
26 Wake up in prison? (4)

Solution 9,844



Solution 9,833



BRIDGE

The Lederer Memorial Trophy features top national and international players. This year, the so-called "All Stars" team, consisting of Zia Mahmood, Andrew Robson, Gunnar Hallberg and Colin Simpson, took the honours. Robson also scooped the Best Play award, perplexingly not as declarer, but for a wonderfully simple, yet ruthless piece of defence.

N
♠ J 8 5 3
♥ Q J
♦ A 7 6
♣ 10 8 5 4

W
♠ K 10 7
♥ K 9 6 5 2
♦ K Q 9 8 4
♣ –

E
♠ A Q 9 6 4
♥ A 10 8
♦ 5
♣ A J 6 3

S
♠ 2
♥ 7 4 3
♦ J 10 3 2
♣ K Q 9 7 2

Dealer: W Love All

North	East	South	West
–	–	–	1H
NB	1S	NB	2D
NB	3C	Dbl	NB
3S	NB	4NT	NB
5D	NB	6S	

East's 3C bid was Fourth Suit Forcing – making West describe his hand further. When West duly showed three card spade support, East headed for slam, launching into a version of Blackwood, the response to which showed that West held either K♠ or A♦. Missing one or other of these, East settled for 6S.

Declarer beat South's K♣ with A♣, and then played his 5♦ to dummy's K♦ and North's A♦. Sitting North, Andrew Robson paused to ponder his options. Every other North decided to play a club, hoping to promote one of their spades into a certain trump winner. However, Robson undertook something more defenders should attempt: he counted the declarer's likely tricks. There seemed no way East could make 12 tricks other than on a complete cross-ruff, scoring each of his and dummy's trumps separately. Robson's solution looks reckless: he led a small trump from his jack-to-four holding, vitally crashing two trumps on the same trick, and leaving the declarer a trick short.

Although the contract might still be made, declarer sensibly attempted to establish diamonds, and failed – turning out to be the only declarer not to score his slam.

Paul Mendelson

CHESS

Nicholas Pert, of Oakham School, and Ruth Sheldon, of Manchester, have won the world under-18 boy and girl titles in Spain. Britain's best result in these competitive events which normally go to former Soviets.

Sheldon already plays for England's senior team but Pert seeded only No. 15, achieved the IM title and a 2641 rating (elite grandmaster level) in an impressive unbeaten performance.

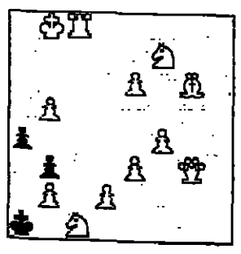
Both were helped by the new £10,000 Saitek Computers sponsorship which brought extra coaching and allowed England to field more players – though not in the youngest age groups where the BCF's current restrictive policy defies past evidence. Early high-class experience in fact creates champions.

When Lloyds Bank 1992 invited nine boys and girls aged 8-14 to compete against GMs and IMs, some said they were "not ready". But five of these players, who included Pert and Sheldon, have since won world or European titles (R Sheldon v A Ramaswamy, India).

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 Be2 0-0 6 Nf3 e5 7 d5 Na6 8 Bg5 Sheldon's favourite system, whose plan, which works well here, is to use key light squares as a launchpad to attack the BK. h6 9 Bh4 g5

Better is Qe8 with the idea Nh7 and f5. 10 Bg3 Nxe4 11 Nxe4 f5 12 Nfd2 White controls the light square e4... fxe4 13 Nxe4 Bf5 14 Bd3 g4 15 f3 gxf3 16 Qxf3 c6 17 0-0 cxd5 18 cxd5 Bh7 19 Qg4 ...and now g4. Black is already lost. Qc8 20 Rxf8+ Qxf8 21 Rf1 Qe7 22 Nf6+ Kh8 23 Nxh7 Nc5 24 Bh4 Qc7 25 Qg6 Nxd3 26 Nf6 Resigns.

No 1258



White mates in three moves, against any defence (by E Pradignat). An annoying kind of problem where it is harder than it looks to smoke out the black king from his corner hideout.

Solution, Back Page

Leonard Barden

هكذا من الاصل

PERSPECTIVES

Ethics Today

Stroke your cat, but poison your rat

We suit ourselves when deciding which animal to anthropomorphise, says Joe Rogaly

We are confused about the proper way to treat animals. We eat them, wear their skins, hunt some, pet others, sacrifice millions of specially-bred rodents in laboratories every year. Some meats are from penned-in beasts, machine-slaughtered after an unenviable, cramped existence.

Others, especially fowl, perish in the wild. The latest victory for "animal rights" was announced as we prepared recently-shot pigeons for the pot. "Animal testing for cosmetics will no longer be allowed in Britain," said the radio this week. Escoffier's recipe, laid out beside the hob, spoke more eloquently.

We browned the little bodies in butter, as demanded by the master chef. "No new licences for experiments on live creatures will be issued," said the transistor box. "Good," we replied, as we added mushrooms softened in butter, shallots, a glass of wine, a dash of brandy. "About time." We laid hot bacon on the tiny breasts, poured the pan juices over the top...

There is of course a difference between stewing pigeons slowly in veal stock and inflicting cruel laboratory experiments on captive mice or apes. The purpose is, however, common: to serve the convenience of ourselves, the dominant animals on the planet.

True, we may aim to please our palates, which we applaud, or our admirers, which we deprecate. To the exploited species the result is the same. Death.

We must conclude that the only consistent animal liberationists are vegetarians, vegans, or Jains. The most ascetic of the latter wear face masks and sweep the road ahead, lest they inadvertently harm a living creature. This is an act of religious faith, fine for believers.

The rest of us make up our morality as we go along. Factory farming? Free-range chickens taste better, but cost more. Scientific testing? Not for perfumes, but without animal experiments we may not have had vaccines against cholera, diphtheria, smallpox, polio, tuberculosis... Apparel? Yes to leather, no to fur.

Clearly, we judge our actions against selfish criteria, such as price or the purpose of each sacrifice. We are moral where it is cost-effective to be so, fastidious when we can afford the luxury of self-approval. We also differentiate by creature. In Britain the hunted deer is known to feel stress, the fox is still fair game, and to poison a rat is our duty. We shrink from cock-fighting, bear-baiting, and, some of us, bull-fighting.

We would go to some lengths to protect dogs, cats, monkeys, dolphins, elephants but take little thought for the manner in which the pigs we eat are fattened. Some of us enjoy rabbit pie; others creep in to mink farms at dead of night to release the inmates.

This muddle reflects our shifting perception of what we are. When we saw ourselves as uniquely possessed of souls, we could regard all other living creatures as devoid of spiritual essence, if not of consciousness. There were two categories of being, us and them, humans and animals.

Now that Darwinism has become the dominant philosophy of the intelligentsia of the western world, we have returned to our place among the animals, subsumed humanity into the genetic stream that we are told flows through every species. We are one of Gaia's life-forms, the most successful according to our own measures, but sharing DNA with them all.

Thus adrift, we take refuge in our awareness of self, our ability to feel pity, the kindness within us. This leads us to wonder whether some animals are, like their masters, individually conscious of their existence. Everyday experience suggests that they are. Anyone who has kept a dog knows that it can recognise, become emotionally attached to, its human owner.

I have seen a young elephant at bathtime play with its mahout, the one splashing the other with a bucket, the other returning fire with its trunk. In India they will grow old together, retire in mutual affection. We have all read of studies of dolphin linguistics, chimpanzee intelligence. It seems safest to assume such creatures have moved beyond instinct towards something like thought.

The question is not where this places the higher animals, but where it places us. Free to shop around for objects of compassion, that's where. The other night I sat with knife and fork poised over a plateful of young red venison. "Do you realise you're eating Bambi?" said the person on my right, smiling.

We moved on to a discussion of the human casualties of Hurricane Mitch. There can be no question of equating the sufferings of women, men and children with those of, say laboratory specimens or animals used in transgenic experiments. We are moved by stricken people in a way that we can never be by wounded beasts.

Yet where we remain indifferent to the pain of the stag at bay, or the wired-up, sliced-down, injected, dissected rodent or higher primate, we diminish our own humanity. We are destined to torture, maim and kill other species. To keep us free of guilt we use our powerful brains to justify our actions.

joe.rogaly@ft.com

Lunch with the FT

Plain water after cocktail of high adventure

Justin Marozzi finds Sir Wilfred Thesiger at odds with the technological present – and women

He stands behind the door like a lonely sentinel, hawk-like eyes scanning the drive for my arrival. At 88, Sir Wilfred Thesiger, Britain's greatest living explorer – the man whose crossing of the Empty Quarter of Arabia by camel is so evocatively recounted in the sun-baked prose of *Arabian Sands* – is living in an elegant retirement home in the suburbs of Surrey.

And he has just published another book.

He steps out to greet me, impeccably clad in a three-piece grey check suit, check shirt, mustard, green and navy blue silk tie and black lace-ups from Lobb of St James's. Ever the Old Etonian gentleman-explorer.

Once you have seen Thesiger's face, you do not forget it. Mined deep into owlish sockets, cold azure eyes with black pinprick pupils stare out at you beneath a pair of forested eyebrows. Above an immense broken nose, built on a monumental scale, three gouged furrows railroad across his forehead. Two more slant across his cheeks. Large leathery ears protrude from a head of carefully brushed silver hair. If faces tell stories, his is an epic.

Thesiger has booked us a table at one of his frequent lunching haunts. Woodcote Park Golf Club is of no merit from an aesthetic or a gastronomic point of view but it has the undoubted advantage of being located only yards from his home.

To the explorer's dismay, half a dozen chirpy women golfers occupy the next table, celebrating what appears to have been a successful 18 holes. "They're rather annoying. Unbearable noise," he winces.

One of this century's most prolific big game hunters (80 lions in two years), Thesiger appears more threatened by a handful of women than he ever was facing a charging beast in Kenya or trekking 1,500 miles across the Empty Quarter after the war.

Happily for my lunch guest, the women soon disappear. "Thank God for that!" he perks up, and adds, by way of explanation, "I'm more accustomed to the company of men."

Before we get stuck into his wartime exploits with the SAS in the Western Desert, a waitress arrives to take our order. After ascertaining what it is, Thesiger chooses chicken kiev with peas and potatoes. I decide on a starter of paté with toast, followed by fillet steak. This prompts another hasty perusal of the menu by Thesiger. The waitress suggests firmly that a starter might prove too much for the great man. He demurs but quickly reasserts control by instructing her not to bring too many potatoes. "You always swamp my plate with them," he tells her reproachfully.

I order a Bloody Mary. Thesiger, who does not drink, requests a glass of water.

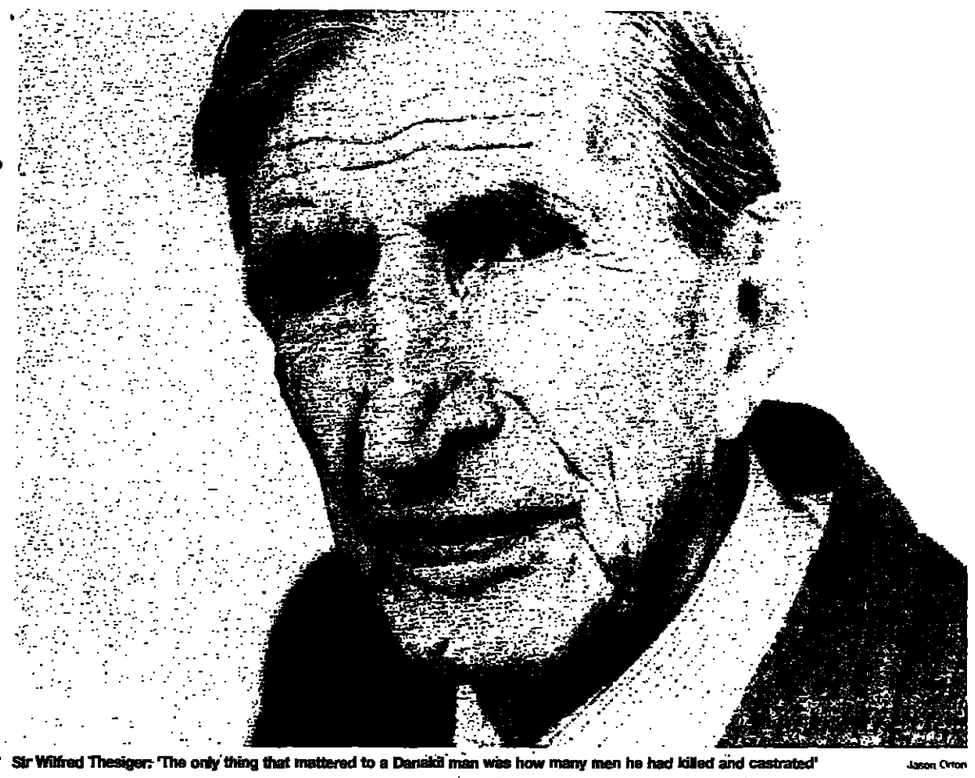
For as long as he can remember his life has been a cocktail of high adventure. As a six-year-old in Addis Ababa – where his father was British minister – he gazed in awe at the barbaric splendour of Ras Tafari's feudal army marching past the British legation to fight the forces of Negus Mikael.

He presses my arm lightly as he tells me how, at the age of 23, he successfully led an expedition into the hostile country of the Danakil in search of the source of the unmapped Awash river in Abyssinia. Previous expeditions had met with disaster at the hands of the penis-and-testicle-chopping tribesmen.

"The only thing that mattered to a Danakil man was how many men he had killed and castrated."

It was little surprise, then, that during the Allied campaigns in North Africa Thesiger should gravitate towards David Stirling, founder of the SAS, for full-blooded action.

"I said to him, 'I hear you're going to make a raid behind enemy lines. I speak Arabic and I know the desert.' Three days later we were 150 miles or so behind lines. I came upon a tent packed full with people. Luckily there was no one on guard. I just raked it with machine gun fire a couple of times. It felt rather like murder." His eyes glow.



Sir Wilfred Thesiger: 'The only thing that mattered to a Danakil man was how many men he had killed and castrated' Jason Orton

While we talk, we push our food about our plates, which saves having to eat too much of it. For pudding he asks for the strawberry and vanilla ice cream while I opt for the cherry crumble. He declines coffee, keen to return to his room to discuss his latest book.

The elderly desert warrior and former Oxford boxing blue leans heavily on my arm for support as we return. His modest room is decorated with a few tokens culled from a huge, nomadic life – a walking stick made from a giraffe's shinbone, a photograph of Marrakesh, a tattered Oriental rug. On his bookshelves stand works by Kipling, Conrad, Buchan, Sassoon and, of course, his own.

He shows me a copy of *Among the Mountains: Travels through Asia*, which he says will be his last book. It is a collection of photographs and diaries from his lesser-known travels in Afghanistan, Iraqi Kurdistan, Pakistan's North West Frontier province and Nuristan between 1950 and 1965.

The photographs, grainy black-and-white mountain vistas and portraits of roughly hewn villagers, are vintage Thesiger. If he had ever needed to make a living, he could have been a professional photographer. But it was travelling, rather than books, which appealed. Had it not been for the savvy of a publisher and the persistence of his mother, the Thesiger prose would have eluded us for ever.

"My mother had taken a flat on Tite Street [in Chelsea]. Graham Watson and Mark Longman from Longman's came round to see my photographs, 50 or 60 volumes of them.

"They said 'It's ridiculous, you've got to write a book'. I said 'I'll be damned if I write a book. It's a complete waste of time. I want to travel'. The three of them went on and on and eventually I capitulated."

It was as well he did. Four months holed up in a bedsit in Copenhagen broke the back of *Arabian Sands* which, with *The Marsh Arabs*, is still considered his finest work.

There is little sentimental about Thesiger. Until you get him talking about the havoc wrought on civilisation by technology. "One hundred years ago the most powerful weapon we had was a machine gun. Then came the atom bomb and today we have chemical weapons," he growls.

The motor car and aeroplane are also anathema, products of a crass modernity that has made accessible parts of the world previously reserved only for more resourceful explorers.

But the great traveller has lost his bearings in the late 20th century. He says he has not enjoyed life in England since he returned from living with the Samburu and Turkana tribesmen in Kenya in 1965. He asks me to pass him copies of his books *Arabian Sands*, *My Kenya Days* and *Desert, Marsh and Mountain* – to help him remember particular stories. The evident absorption in his own past is, you feel, simply symptomatic of a tenacious clinging on to the past in general.

Compared with the whirling romance of life in the deserts of Arabia or the marshes of southern Iraq it is not difficult to see why the present holds such little interest for him. No more empty spaces on maps. No more British Empire.

I ask him what part of the globe would interest him if he was beginning a life of exploration today. He looks singularly unexcited. "I'd want untouched country with indigenous inhabitants. Perhaps the Arctic or Antarctic, but there aren't any people there. I shouldn't think the penguins would make up for that."

Is there nothing, other than unrelieved pessimism for our age? Isn't this all rather a gloomy assessment of the human lot? He smiles and the blue eyes twinkle.

"Oh, I can be much gloomier than that."

Courteously, he escorts me to the front door. My taxi arrives and he looks distastefully towards an elderly woman staring at a noisy TV game show, and sets off gingerly in the direction of his room.

■ *Among the Mountains: Travels through Asia, by Wilfred Thesiger. HarperCollins £24.99*

Slaves to the truth

Presidential dalliances are nothing new. Jurek Martin reports on genetic evidence

It did not look as if an earthquake had struck Monticello. A light cold rain was falling, breaking a long Indian summer, and the buses and cars that normally flood to the wondrous Palladian house that Thomas Jefferson built outside Charlottesville, Virginia, were down to a trickle.

But Betty Goss knew the tectonic plates had shifted. "Y'all have prob'ly read or heard the news," she greeted visitors in her thick Virginian accent.

The young TV reporter from Channel Eight News in Richmond also had a job to do, even if Monticello was an unlikely backdrop. "Does this change your view of Jefferson?" he asked visitors insistently, microphone in hand. "Can you make comparisons with Clinton?"

What grabbed them both was new evidence in a nearly 200-year-old mystery. DNA genetic research on Jefferson's known descendants and on those of Sally Hemings, his black slave, all but conclusively prove that America's third and most cerebral president, author of the Declaration of Independence and ultimate Renaissance man, was the father of her youngest son, Eston, born in 1808.

To some, this was merely confirmation of the obvious. The rumour of the first presidential sex scandal has been around since 1802 when James Callender wrote in the Richmond Recorder that "by this wench Sally, our president has had several children".

Jefferson survived that, winning re-election in 1804, much as the current president, whose second name is Jefferson, was first elected in spite of a history of dalliances and who now seems unlikely to be forced out of office by one conducted in the White House.

Of course, times and particular circumstances were different. Sex between consenting adults, even if adulterous, hardly compares to the heinous crime of slavery – and Jefferson, though he agonised about slavery and the inherent qualities of Negroes, was also a Virginia gentlemen who owned slaves, about 200 of them.

More than that, his wife Martha Jefferson had died in 1782, entreating her husband not to marry again. And Sally Hemings, who joined Jefferson in Paris in 1786 when aged 14, as his daughter's companion, was Martha's half-sister – product of the same father and light-skinned, with something of Martha's appearance and character, according to contemporary accounts.

Any pop psychologist could write a book about the temptations of the lonely widower. Recent talk shows wondered how long the sexual relationship lasted – whether it was freely given. DNA cannot answer these questions, though it did suggest that her oldest son was not a Jefferson progeny.

But the precise nature of the relationship between the slave owner and chattel had continued to divide American historians until a couple of weeks ago.

> DNA all but proves that Jefferson fathered a son by his black slave

Joseph Ellis, whose biography *Jefferson, An American Sphinx*, was published only last year to widespread praise, had dismissed the circumstantial evidence linking the two in bed. But he has now been converted by DNA.

Ordinary Americans are taught to revere their Founding Fathers. But, even in a pantheon that includes Washington, Lincoln and Roosevelt, Jefferson always enjoyed a special place not merely for his contributions to the establishment of democracy but also for his civility and the extraordinary range of his complex intellect.

President John Kennedy once entertained a group of Nobel Laureates and told them that the White House had never before played host to a gathering of such intellectual force – except, he added, when Thomas Jefferson was dining alone.

Monticello, built and rebuilt as its owner became ever more immersed in architectural perfection, is the supreme manifestation of the man.

It was, as Orlando Patterson of Harvard wrote this week, "considered inconceivable that a man of Jefferson's character could do such a thing" as sleep with a black slave, even though it was commonplace for plantation owners to engage in miscegeny.

Now, as a black, Patterson finds himself "less alienated" from Jefferson: "He is part of the family, a family with a ghastly contradictory past, to be sure, but family nonetheless."

Other scholars venting views were less charitable. Annette Gordon-Reed, whose own book had posited an intimate relationship, wrote of a conspiracy of silence among historians unwilling, as many Americans still are, to come to terms "with black-white sexuality, particularly in the case of a Founding Father".

Much evidence had been suppressed, she wrote, because the Hemings family, being black, was considered "an unfit and possibly unreliable contributor to our understanding of the past". More bluntly, she told William Safire in the New York Times that, had the truth been accepted, "I don't think he would have been on Mount Rushmore or on the nickel".

Safire himself, playing the modern political game from a conservative standpoint, found conspiracy of another kind. His recent column, deliciously headlined Sallygate, saw it all as a plot by lefty historians to Save Clinton, whose spin was "we are all Federalists: we are all sinners: so let's forget this impeachment stuff".

Thomas Jefferson may or may not be turning in his grave under the obelisk at Monticello. But William Jefferson Clinton, at least, has surely been sleeping better since America, through its vote in the mid-term elections, saw no reason to remove him from office for not being a plaster saint.

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PERSPECTIVES

Loyal keeper of the Kennedy flame

Arthur Schlesinger has defended JFK's reputation at no little cost to his own, writes **Michael Steinberger**

Arthur Schlesinger (left): age has not wearied him in his campaign to stop the years condemning John Kennedy — Katz

November 22 is the anniversary of John F. Kennedy's assassination, but Arthur Schlesinger Jr does not give over his day to prayers, toasts, or moments of quiet reflection. Schlesinger looks to other milestones, less drenched in grief, to dwell on the life of the president he served and revered.

"I think about Dallas, but I prefer to celebrate his birthday," says the 81-year-old historian, sounding wistful.

It is somehow fitting that Schlesinger would choose not to mark the date on which Kennedy died, for in the 35 years since that grim afternoon, he has laboured harder than anyone to keep alive the "Camelot" mystique, or myth.

Through waves of revisionist assaults on the Kennedy legacy, he has remained loyal, answering each charge, challenging every allegation, using every platform at his disposal to return the spotlight to the late president's vast but unfulfilled promise, rather than his promiscuity.

In just the past month, he has taken his case from the stately columns of The New York Review of Books to the glossy pages of Cigar Aficionado. No outlet is too off-beat or off-topic.

The calendar rekindles memories of Dallas, and Camelot, at a time when another presidency, famously inspired by Kennedy's, is imperilled over the kind of shenanigans that were routinely swept under the rug three decades ago. But it isn't only a year of scandal in Washington, it is also a season of betrayal.

Bill Clinton withheld the truth about *l'affaire* Lewinsky from his closest aides, and several of his former lieutenants are today among his harshest critics. Set against this numbing spectacle, Schlesinger's fealty seems quaint, a throwback to a more dignified era when sex was considered a private matter and the help didn't talk.

Not that his devotion has earned him much praise; quite the opposite in fact. As tales of presidential philandering and palace intrigues yield a more complex portrait of Kennedy, Schlesinger's airbrushed recollections have brought him ridicule.

He has been denounced as a "servant", a "trained poodle", and one of America's "more purchasable intellectuals".

While still a towering figure in liberal circles and an influential voice – he recently testified before Congress regarding the Clinton impeachment proceedings – his battle to protect Kennedy's reputation has plainly diminished his own. In many quarters, he is seen more as a courtier than a scholar, as much a shrewd manipulator of history as a subtle interpreter of it.

What prompted Schlesinger, of all people, to pick up the Camelot torch and why, so long after the tragic finale, does he continue to carry it? His unending vigil is one of the more curious postscripts to the Kennedy saga.

Schlesinger certainly was not beholden to Kennedy. By the time the junior senator from Massachusetts was elected president in 1960, Schlesinger was already one of the nation's best-known historians, teaching at its most celebrated university, Harvard.

Although he didn't hold a doctorate, what he lacked in diplomas he made up for in lineage: his mother was a descendant of George Bancroft, a leading 19th century historian; his father was an eminent Harvard historian; ditto his brother-in-law, John King Fairbank, the doyen of American sinologists.

Schlesinger made his mark early; he was only 28 when his second book, *The Age of Jackson*, won a Pulitzer Prize. He then embarked on what was intended to be his magnum opus, a multi-volume retrospective on Franklin Delano Roosevelt.

He had just completed the third book, *The Politics of Upheaval*, when Kennedy summoned him to Washington. He put aside the project and never resumed it.

Schlesinger did not wear his convictions lightly and few Kennedyites embraced the giddy spirit of the New Frontier with more passion. He was soon known around town as "the tenth Kennedy", but what exactly he contributed to the task at hand is an open question.

His only steady assignment was to liaise with other liberals (he also moonlighted as a film critic for Show magazine; the president, jokingly, often introduced him as such).

Beyond that, Schlesinger pitched in wherever help was needed. By some accounts, he was merely an ornament, a deep thinker brought on board to burnish Kennedy's image as a philosopher-king.

In a 1964 interview, Robert Kennedy said of his brother: "He liked Arthur Schlesinger, but he thought he was a little bit of a nut sometimes. He thought he was sort of a gadfly, and that he was having a helluva good time in Washington. He didn't do a helluva lot but he was good to have around..." Others have claimed, however, that Schlesinger was no innocent bystander.

Like moths to the flame, intellectuals have always been drawn to power, and critics believe the Kennedy White House, with its energy and glamour, had a particularly corrosive effect.

In his book *The Kennedy Imprisonment*, historian Garry Wills contends that Schlesinger and other academics gleefully sold their souls in order to gain Kennedy's ear and bask in his glow. Wills specifically accuses Schlesinger of conspiring with the Kennedy family, before and after Dallas, to suppress books and articles unflattering to the president, a charge he denies.

Controversy also surrounds his role in the 1961 Bay of Pigs fiasco, arguably Kennedy's biggest mistake. Schlesinger opposed plans to invade Castro's Cuba, but that didn't stop him becoming something akin to a minister of disinformation. "When lies must be told, they should be told by subordinate officials," he wrote in a memo before the attack.

Schlesinger admits he misled journalists to keep the scheme quiet, but does not regret his part in the affair. Nor does he feel he compromised his integrity, or violated some unspoken scholarly oath, by serving as a hired gun: "As an historian, how could you resist the opportunity to be on hand while history was being made? I would have flunked an obligation to my profession had I turned it down."

> He has been denounced as a 'servant', a 'poodle', and one of the US's 'more purchasable intellectuals'

After the assassination in 1964, Schlesinger returned to academe, teaching at the City University of New York until his retirement five years ago.

He had no trouble reclaiming his perch among scholars and wrote a number of well-received studies, including *The Imperial Presidency* (1973) and *The Cycles of American History* (1986).

Although clearly associated with a brand of liberalism that was all but routed out of existence during the Reagan ascendancy, Schlesinger has always been militantly mainstream. He locked horns with Marxists in the 1950s, did not budge when the Democratic party careened to the left in the 1970s, and now, in the 1990s, inveighs against the excesses of multiculturalism.

"He is the great liberal Democratic intellectual of our time," says Princeton University historian Sean Wilentz.

And yet, for more than a quarter-century, Kennedy hagiography has shared top billing with Schlesinger's other pursuits – and has, in many respects, eclipsed them.

One month after Dallas, he published a tribute to the 35th president, a worshipful eulogy he has since repeated, in brief essays and weighty tomes, dozens of times: "No one had such vitality of personality... He was life-affirming, life-enhancing. When he entered the room, the temperature changed; and he quickened the sensibilities of everyone around him... He was a man born to the exercise of power... His presence pervaded Washington, and he infused the laborious and opaque machinery of government with a sense of his own standards, his own imagination, and his own high purpose."

Schlesinger's 1965 book, *A Thousand Days*, a slightly less gushing, if no less adulatory, account of Camelot, for which he was awarded a second Pulitzer, remains the centrepiece of his effort to win Kennedy a generous verdict from history.

He has not relied solely on his pen to sway opinions. In 1996, reviving a survey first commissioned by his father, he asked a group of fellow historians to rate US presidents. But with a panel composed almost entirely of left-of-centre academics, along with a pair of liberal non-historians, Democrat politicians Mario Cuomo and Paul Simon, he was accused of stacking the deck to ensure that Kennedy was deemed to be above average – which is precisely how the poll judged him.

Schlesinger is not an uncritical biographer. He grudgingly acknowledges that Kennedy, at least behind closed doors, was no saint.

Yet even while conceding some of the damning details, he has never wavered in his assessment: Kennedy blundered early and often but was a splendid work in progress, destined for greatness, at the time of his death.

Moreover, Schlesinger has always been quick to provide an exonerating footnote or a tantalising hint at what might have been.

Of the sexcapades, he says only that they "didn't interfere with the conduct of business". Likewise, he insists Kennedy was essentially duped into going ahead with the Bay of Pigs invasion by his predecessor, Dwight Eisenhower, under whom the plan was devised.

Most provocatively, Schlesinger suggests Kennedy would never have dispatched US ground forces to Vietnam and was inclined to withdraw from the conflict altogether.

This is a dubious claim, given that Kennedy, with his "bear any burden" rhetoric, was very much a creature of the Cold War and that it was mostly his appointees who later plunged the US into the quagmire.

Lyndon Johnson once griped that the Kennedys would "write history as they want it written, as they can buy it written". But if Schlesinger feels used, he isn't saying so. Seated in his cluttered Manhattan office – surprisingly devoid of Kennedy memorabilia – he describes his tour of duty in Camelot as "the most exhilarating experience of my life".

Time has not dulled his affection for Kennedy, and, apart from the grey hair, nor has it changed his appearance; he still favours the horn-rimmed glasses, bow-ties and rumpled suits of his White House days, when he more resembled a chaperon for the boyish chief executive than a Sherpa.

He is currently at work on his memoirs, due out next year, but don't look for much in the way of introspection. Schlesinger allows that it may be nostalgia which keeps him rhapsodising about those heady days long after other Kennedy acolytes, far more indebted to the late president – Ted Sorensen, Pierre Salinger, his "Irish Mafia" cronies – have moved on, but he has little interest in exploring the idea.

He offers a simpler explanation: "If you had a friend and things were written about him which you believed were false, you would rise to his defence. That's all I'm doing."

What Schlesinger dubs "the National Enquirer school of revisionism" – epitomised, in his view, by Seymour Hersh's recent bombshell, *The Dark Side of Camelot*, depicting Kennedy as a depraved lothario who bedded Mafia molls and rattled sabres with reckless abandon – has hardly dented Kennedy's standing with the US people. A poll last year ranked him second only to Franklin Roosevelt among 20th century presidents.

To Schlesinger, it is Kennedy's achievements – defusing the Cuban missile crisis, negotiating a nuclear test ban treaty with the Soviet Union, advancing the civil rights agenda, establishing the Peace Corps – and the idealism he embodied, that are the source of his enduring popularity.

But he agrees that martyrdom has also coloured perceptions, placing Kennedy beyond the reach of those determined to demonise him. "There is the central drama of this magnetic figure whose life is cut short," he says. "It has a mythic quality."

Correctly or not, the assassination, which left Kennedy etched in youth, is seen as the end of American innocence, opening the floodgates to the social unrest of the late 1960s and the cynicism that envelops politics today.

Thirty-five years on, it is clear the country will never completely get over the loss. Schlesinger surely hasn't.

A very secular practice

How shall I wed thee? **Christian Tyler** counts the ways

Here comes the bride, all in cream, walking down the aisle on the arm of her father and a gaggle of bridesmaids in her wake. From invisible speakers issues the well-worn sound of Handel's music for the arrival of the Queen of Sheba.

The bride joins her groom before the dais. The celebrant welcomes the congregation, adding a few words about the meaning of the ceremony which is about to take place.

"Marriage is a fluid relationship that assumes many different forms throughout the years..." she says. "If you are growing individuals and if you can communicate this growth, your marriage will remain vital and creative."

A reading follows. The couple considered taking something from Kahlil Gibran's *The Prophet*, or Shakespeare's sonnet 116: "Let me not to the marriage of true minds/ Admit impediments. Love is not love/ Which alters when it alteration finds...."

They have settled for Elizabeth Barrett Browning's ode: "How do I love Thee? Let me count the ways." A member of the family gives a little address and the ceremony winds up. It has taken nearly 45 minutes.

We are not in church, not even in a register office, but in a hotel room decked out for matrimony and licensed by the local authority.

This is marriage *à la mode* in modern England, a very different thing from the scene portrayed by William Hogarth in his famous series, but one whose secular spirit he would certainly recognise.

The job of registrar, created in 1837, is a legal one and strictly secular. But the public's newfound freedom of choice – watchword of the age – means that it is coming to seem ever closer to that of the priest. Some registrars fear it will come even more uncomfortably close if proposals in the government's green paper on the family are implemented.

Barely 40 per cent of the 280,000 marriages in England and Wales each year are now solemnised in church; and a growing number of couples take advantage of a relaxation in the 1994 Marriage Act to have their civil ceremony in an historic house, a sports club, or a famous ship such as HMS Victory or the SS Great Britain.

English law, unlike Australian or American, specifies fixed buildings, so flower meadows, gazebos, hot-air balloons and diving bells are not permitted.

With freedom has come variety, and competition. Some registrars publish glossy brochures, offer alternative kinds of "service" and encourage couples to add their own words to the minimal formulae required by law.

Most couples are content to take guidance provided that the ceremony is thoroughly "traditional". When demands are exotic, it is up to the registrar to exercise discretion. So the pair of bikers married recently in Somerset were allowed to bring in their motorcycle.

"It was a very attractive motorbike," says Valerie Gilfillan, the Taunton registrar who performed the marriage. "A Yamaha, I think."

Prayers and religious music are strictly forbidden in civil ceremonies. (Handel's Queen of Sheba is deemed secular, Gibran's words not sufficiently so.)

That does not stop couples trying to smuggle things in. A junior registrar in London recalls hearing at various times a so-called "adaptation" of a Jewish prayer, a passage from St Paul's epistle to the Corinthians which nobody recognised, and an invocation in Gujerati for which no translation was forthcoming.

Freedom of choice has also meant competition, not only between the civil and the religious, but between the register offices themselves. For the 1994 act also permitted couples to choose which part of the country to get married in. This has led to what the trade – and the green paper – call "enhancement".

"People are able to vote with their feet now, so we have worked quite hard on enhancing marriages here," says Alison Cathcart, superintendent registrar at Westminster, one of the most progressive in the country. "We respond to the customers. After all, it's their wedding.

"It's not just a legal contract," she explains. "People wish to make a formal statement to their friends, to the public, and they wish to do it in nice surroundings. It's all about choice. Why not, if it encourages people to get married?" And encourage is exactly what Tony Blair's government, not without some embarrassment, is trying to do.

That a government should dare to voice its support for the institution of marriage in an age of myriad "lifestyles" has delighted the man whose influence has been detected all through the document.

Jack Dominian is a Greek-Armenian Roman Catholic consultant psychiatrist, specialising in marital and sexual problems, recently retired from the Central Middlesex Hospital. "This is one of the best things that has happened to marriage and the family for a very long time in this country," he says.

The state had been compelled to take an interest in marriage, he adds, because the costs to society of marital failure are so great: promiscuity and teenage pregnancy, alcoholism and drug addiction, delinquency and crime, even the health of the divorced.

The financial incentives to marry remain niggardly, and the green paper proposals are modest enough. All registrars would be encouraged to "enhance" their ceremonies, which will not please all of them. The "quickie" licence, costing £80, would be abolished, and couples would have 15 days in which to change their minds. Registrars would have the legal power to call for documentary proof of identity and freedom to marry – a needed deterrent to bogus marriages contracted for immigration reasons.

Britain, unlike continental countries, has no identity card, and a London night club dancer in one such racket was exposed recently; she had married seven times in 14 months, for £2,500 a time.

More controversially, there is talk of premarital counselling. Some registrars feel this is a flawed idea. "Most people in city areas come to us because they don't want to go to church and hear moralising from the minister," says Mark Rimmer, superintendent registrar at Brent in north London. "So they don't want it from us either."

If, as suggested, the process is to be voluntary, then the couples who most needed it probably would not ask for it, he says. Other registrars believe they will be asked only to give out the names of professional counsellors.

But the registrar's sacerdotal remit may be extended further. The idea of "baby-naming ceremonies", or secular christenings, has been picked up and promoted in order to "help parents make a public, long-term commitment to their children".

Asked for her reaction, Alison Cathcart at Westminster (who happens to be Mark Rimmer's wife), says: "I don't have a problem with that personally, but there may be other registrars who do." She describes the idea as "a bit chi-chi", and is not convinced it is any of the government's business.

Births, marriages and deaths. No one, however, has yet had the temerity to suggest that registrars should conduct funerals.

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Meditations on a thinker

Critics of Isaiah Berlin would find he really did keep faith with his beliefs, suggests **A.C. Grayling**

It is easy to miss the point of Isaiah Berlin if you think either that a man's political and moral outlook should accord with an identifiable party platform, or that intellectual achievement is measurable only in bulky monographs. The appearance of something ambiguous, reticent, even uncommitted, in Berlin's thought and public life has misled his critics into thinking he presents an easy target.

But they indeed miss the point; for as Michael Ignatieff's memoir of Berlin proves, in both Berlin's life and work there is deep consistency and grand achievement.

Berlin was a subtly perceptive historian of ideas, and because he devoted so much attention to understanding the sources of the ideas which have shaped modern times – often in unprecedentedly cruel and destructive ways – he was also a significant contributor to contemporary debates in social and political theory. His chosen vehicle was the essay, rich with the distillations of a wide and deeply pondered reading, and perfect as the vehicle for his undogmatic, exploratory style of inquiry.

Ignatieff has provided a memoir and a meditation rather than a biography, in the sense that it focuses almost exclusively on the externals of Berlin's life and – mainly – work. But Ignatieff gives full attention to the evolution of the latter. He is alert to the critics who thought (and still think) that Berlin's achievement was slight, his reputation a product not of intellectual depth but of the part-lucky, part-assiduously cultivated personal connections that brought him into contact with most of the century's leading figures.

But Ignatieff shows that the celebrity Berlin accumulated from early in his adult life was based on the merited perception of his sound judgment and unusual intellectual empathies, formed by the complicated inheritances of his Russian and Jewish origins and his English education.

Isaiah Berlin was born in Riga, Latvia, in 1909, of Jewish parents. The family later moved to St Petersburg, and lived through the 1917 revolutions. By 1921, the Berlins had settled in England, where Isaiah went first to St Paul's School and then Oxford. He was elected a Fellow of All Souls in 1932, and taught philosophy at New College.

Apart from a posting in the British embassy in Washington during the war, and a brief posting to the Moscow embassy immediately after, he made his home permanently in Oxford; but he maintained his connections with the US, visiting there regularly to lecture.

One of his great achievements was the founding of Wolfson College in Oxford, serving as its first president. Ignatieff fleshes this skeleton, talking discreetly about Berlin's friendships, his travels, his late discovery of love, and his anxieties about his intellectual contribution; and all the while tracing the evolution of his thought.

As Ignatieff shows, three interests dominated Berlin's work. One is the history of Russian thought; another is the criticism of the Enlightenment project mounted by its opponents; the third is the question of liberal values in a pluralistic society.

Berlin pursued the first two interests through studies of individual thinkers: Alexander Herzen among the Russians, and Vico, Fichte, Hamann and Herder among the Enlightenment's enemies. He pursued the third interest in its own terms – witness especially his celebrated *Four Essays on Liberty* – but it is pervasively present in his writings on these other topics also.

ISAIAH BERLIN
by Michael Ignatieff
Chatto & Windus £20, 338 pages

Berlin held that liberal society, by its nature, encompasses a plurality of mutually irreconcilable and conflicting values. Most liberals believe that, by tolerance and the exercise of reason, conflicts of values can be resolved and harmony achieved. This is a legacy of Enlightenment attitudes; but these attitudes were premised on the belief that there is a single set of facts about human nature from which values can be derived.

The Romantics came to think differently, seeing liberty as the achievement of individual self-creation and self-expression. They, therefore, repudiated the Enlightenment's monolithic conception of human nature – not least because of the terrible implication that some of its inheritors drew, namely, that human nature thus conceived can be improved, despite itself, by those who know best.

Berlin's view is complex. He recognised the worthy aspiration in the Enlightenment belief that, by the use of reason, mankind can identify worthwhile goals for itself, and the means to achieving them. He applauded its belief that science and rationality can overcome superstition, despotism, inequality and war.

But this faith was opposed by critics who argued that different peoples have different needs and aims, and that there are no universal standards of reason and therefore no ultimate solutions for the dilemmas faced by humanity.

Berlin recognised the force of this latter view, too, and indeed accepted a version of it. He was therefore committed to what seems the precarious view that a liberal society is only one form of human possibility, with no special status as against others – but to which, nevertheless, we should commit ourselves. But if liberal society is merely one among a plurality of options, why should we do so?

Ignatieff does not disguise this tension in Berlin's position, which is never resolved; but he rightly emphasises what is fundamentally worthwhile in it, namely, Berlin's insistence that although by its nature pluralistic societies are doomed to internal conflicts, it remains worthwhile quietly to push the claims of tolerance as a way at least of managing them.

Even if the critics of Enlightenment are right; even if there is an unresolvable conflict of competing values; even if there is no clear answer to how a given dilemma should be resolved; still, says Berlin, tolerance and reason can help to maintain the equilibrium which is, as he put it, the "first requirement of a decent society".

If anyone thinks that Berlin's politics – and especially his sense of Jewishness and his Zionism – were equivocal, they will learn from Ignatieff why he thought and acted as he did, and see that he kept faith throughout with his own liberal principles. Ignatieff's portrait is of a thinker who quietly and persistently tried to suggest a way for people to live with one another despite their occupancy of history's most terrible century.

His endeavour was, accordingly, a brave and valuable one, and Ignatieff does him justice.

Beware the arrogance of power

Can the Tories recover? **Malcolm Rutherford** finds there is a case for them

The Conservative party has had a good run for its money for much of this century. Several times – in 1905 and 1945, for examples – it has seemed down and out, but it has always come back. One of its biggest reverses was in the general election last year; so the question is what happens in the next century? Can the Conservatives recover again?

Two books, published more or less simultaneously, survey the party's history. By coincidence, they use the same phrase. John Ramsden, who has become the successor to Lord Blake as a near official historian of the party, actually calls his book *An Appetite for Power*. Alan Clark, best known for his *Diaries*, is more of a military historian and sometimes a practising Tory MP (he declined to stand again in 1992, but came back as the Member for Kensington and Chelsea in 1997), uses the same words in his preface: "The motivation of the Conservative party at all times and in both corporate and the individual context is their appetite for power."

AN APPETITE FOR POWER: A HISTORY OF THE CONSERVATIVE PARTY SINCE 1830
by John Ramsden
HarperCollins £24.99, 562 pages

THE TORIES: CONSERVATIVES AND THE NATION STATE 1922-1997
by Alan Clark
Weidenfeld & Nicolson £20, 493 pages

There is perhaps one other similarity. Both authors note that the party tends to go into decline when it becomes overconfident. It neglects the grass roots and the basic organisation. Ramsden records that in 1962, after the Tories had been in office for over a decade, party membership had just about halved in the same period. Comparable declines set in under Margaret Thatcher, and then John Major. It may be that it is the arrogance of power, rather than the appetite for it, that should be emphasised.

Otherwise the books could scarcely be more different. Clark, who writes well though not always in sentences, has produced a lament for a lost age: hence the sub-title "Conservatives and the Nation State". He thinks it was the duty of the Conservative party to preserve the empire and stay out of European wars. Even after the second world war had begun, he believes that Britain should have stopped and made peace with Germany. "For Hitler, Britain had become an irrelevance." Germany could have had eastern Europe while the British Empire was preserved.

Clark's heroes are Neville Chamberlain, because keeping out of Europe was essentially his policy; and Lord Home, largely because he was a decent sort of fellow. He dislikes the US because he thinks it conned Britain out of cash and credit during the war. As an imperialist, he admired the British recapture of the Falkland Islands in 1982; yet as a military historian it is surprising that he does not admit the exercise would not have been possible without American logistical support.

All that is quixotic stuff, though the last part of the book about recent Tory leadership struggles suggests that another volume of diaries is on the way. Clark does not get on to William Hague.

Ramsden also has a relatively simple thesis. He argues that because the party has been defeated and recovered before, it is bound to recover again. It is mainly a question of organisation and catching the tide. After all, many people had written off the Labour party, but it rethought its agenda and came back. The same should happen to the Tories, just as it always has.

Having started by claiming that the Conservatives may be fairly considered the most successful political party in the history of the world to date, Ramsden concludes: "The final point that emerges from a study of the party's history and its leadership is its ability to deliver the unexpected." Well, the unexpected could include failure.

Two flaws in both books. One is that it is a mistake to write history in terms of a single political party. Life and events go on, despite a change of government; so does the civil service, which neither author seems much to admire. The other is a confusion between Conservatism with a small or a large "c". Thatcher at the height of her power was hardly a conservative with either.

Where Ramsden, at the end, briefly acknowledges a truth, is in the importance of the *zeitgeist*, or spirit of the time. Catch that, and you may catch everything. Tony Blair is a conservative now. Unlike Baroness Thatcher, however, he should not make the mistake of staying too long. The hardest thing in politics is deciding when to go. The decision is nearly always wrong, on which point Clark and Ramsden happily agree.

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Home is where a creature's heart is, no matter how human-friendly the landscape: swans and geese on Surlingham Marsh, Norfolk

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Dissent in the Garden of Eden

Nature is more than whatever poets, dons and supermarket managers say it is, insists **Colin Tudge**

How can you seriously get to grips with the issues of town and country without discussing the creatures, apart from Homo Sapiens, that actually live there? You can't; and this book therefore doesn't. The 28 essayists do not include a single practising biologist.

Anthony O'Hear, for example, is an excellent philosopher but when he assures us with obvious relish that "for every polluted river [there are] many acres of reclaimed marshland", I find myself reaching for my revolver. Personally, I love wetlands – the stillness, the melancholy – although I can attest that mangroves, tropical saltmarshes, are among the least human-friendly of all landscapes.

What they do for me (or John Clare or John Constable or even Chief Running Bear) is not the point. What matters is that for thousands of non-human creatures the wetlands are home, from clams and large copper butterflies to storks and waders; but they are also among the most threatened of the world's much-beleagured habitats.

To respect the lives of other creatures is not necessarily "anti-human", as O'Hear suggests; the ideal world contains happy humans and other creatures too, and is achievable. I have no wish to attack O'Hear in particular; but the self-satisfied, anthropocentric, donnish, but in the end insouciant and ill-directed, drift of this book got to me. It illustrates rather than illuminates why town and country, humans and non-humans, are at odds.

The editors, Anthony Barnett and the fox-hunting Roger Scruton, set the tone in their introduction. Very properly, they attack the simplistic nostalgia and the contradictions in much "environmentalism" – "You cannot fight against beef on the bone ... and hope for the small producers to stay in business. You cannot fight against agribusiness while subsidising food production" – and so on. They should have attacked the Luddism too, for we cannot now hope to conserve what is left of the natural world without good science.

But the ostensibly hard-headed philosophy that Barnett and Scruton offer instead is even more deeply flawed. For, they say: "The countryside needs to be seen as an artefact: it is not intrinsically natural, organic, or authentic in the sense of being more real or less 'made' than the urban environment."

TOWN AND COUNTRY
edited by Anthony Barnett and Roger Scruton
Cape £17.99hb, 288 pages

Ah, but it is. To be sure, the word "natural" can be rendered meaningless, as O'Hear shows by quoting Aristotle, who may be seen to have argued that everything that is the case is *ipso facto* "natural", from the mushroom to the oily car park. But (and this is the central conceit of all science, and why scientists are necessary) there is a real world out there with an existence separate from ourselves.

Britain is not just a figment of human imagination, clay to be moulded at will. It is an empirical fact. It had, and to some extent still has, a flora and a fauna independent of human intervention: creatures that have taken 4bn years to evolve and somehow survived the ice ages and continental drift and which, collectively, are nature, if nature has meaning at all.

We know – or at least, biologists do – what those creatures are, or would be if humans had left them alone. Pine martens, wild cats, otters and golden eagles are among the skin-of-the-beak survivors and once were common where now there are great cities. Rabbits and pheasants are among the interlopers, brought in for sport. It is all very clever and artsy to suggest that nature is simply what poets and supermarket managers choose to say it is, but it just isn't true; or at least, it is true only in an extreme, postmodernist, anthropocentric sense that seems effete to the point of blasphemy.

Of course, as O'Hear points out, nature is always changing: species go extinct. But again, there are discoverable norms. Andy Dobson, then at Imperial College, calculated that present extinction rates are at least a hundred times greater than has been usual since the dinosaurs died out. It is not fair to blame the victims for their failure to adapt. Black rhinos are dying out in Africa because they are shot. What creature has ever adapted to bullets?

Of course, many fine vistas are artifice – but it's a matter of degree. Capability Brown's landscapes are "man-made" yet, as Joseph Addison commented, Brown was "honouring nature". In truth, his landscapes need a little less open space to be truly wildlife-friendly, but they were more natural than the lawns and topiary that William of Orange had favoured a few decades earlier.

The central issue, indeed, is not just to do with town versus country, or don versus woolly-hat, but with the relationship between humans and what religious people would call, with a metaphor that is wonderfully resonant even if you reject the idea of God, the rest of Creation. That is where this discussion should start: how can we make a world that is good for us, human beings, and good for them – other, non-human beings?

"Good", of course, is a big word; but it implies, at the very least, survival (which for other creatures means conservation) and the freedom to live according to one's own aspiration (which for animals is commonly translated as welfare).

We should begin by asking what we want and what other creatures want, and then ask what compromise is possible, and – beyond that – how human and non-human might benefit one from another. We cannot know precisely what other creatures want, but there are intelligent insights: from botanists, scholars of animal behaviour and ecologists.

Start from there, and everything else starts to fall into place. Scruton's beloved fox-hunting, for instance, stands condemned not for killjoy reasons, but because it is cruel, like bull-fighting and bear-baiting, and fosters an unhelpful relationship between people and animals.

If we begin, on the other hand, with the clever-clever observation that landscape meant different things to different people and therefore that anything goes, we will never forge a coherent philosophy and there will no hope for any of us.

Town and Country does contain some good and useful essays, such as Tony Curzon-Price on the tragedy of the commons and George Monbiot on, *inter alia*, the importance of ramblers (quite so!). But, on the whole, I hate it.

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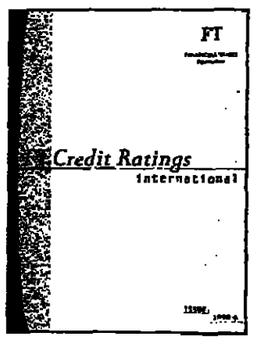

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Sting like a bee and succeed

Patti Waldmeir *on the career of* an American hero, Muhammad Ali

America has plenty of self-made men. Muhammad Ali is more than that: he is a self-made myth.

Out of a potentially lethal mixture of arrogance, bombast and "lip", Cassius Clay of Louisville, Kentucky, forged Muhammad Ali, world boxing champion, American icon and global hero. Ali set out to create, in his own words, "a new kind of black man". In the process, he shaped an entire generation's worth of American history.

David Remnick has written the story of Ali's life to read like a novel, but also like a potted history of politics and race in the 1960s. Remnick (formerly a Washington Post sportswriter and now editor of the New Yorker) has used his reporting skills to discover new material. But others have been there before him. For the most part, he relies on old facts, but uses them in a new way to tell the Ali creation myth in all its perverse complexity.

Remnick structures the book as a grand morality tale of rivalry between the three black champions of the 1960s – the deferential Floyd Patterson, the sullen, ex-convict Sonny Liston, and the defiant Ali – all three political symbols of different kinds of black men. But the Ali creation tale is always his focus: and it starts early.

By the age of six months, Baby Clay was well on the way to creating himself a boxer (while still an infant, he put out his mother's front tooth while stretching in her arms). By age 12, he was already hooked on narcissistic self-promotion; after narrowly winning his first fight, he declared himself "the greatest of all time". This phrase would become his mantra: "I'm the greatest! I'm the greatest!" he would cry, in the naive belief that speaking the words would make it so.

For naive, read shrewd: Muhammad Ali was a braggart not just by nature but by design, and in the end it was his mouth which made him champion. In a fascinating dissection of his strategy, Remnick highlights the way Ali used lip to defeat the quieter champions who preceded him. "Where do you think I'd be next week if I didn't know how to shout and holler and make the public take notice?" the boxer asked in 1962.

For those who lived through the Clay-Ali metamorphosis, his refrain about greatness has the "sweet familiarity" of a 1960s pop tune, according to Remnick. But at the time, there was nothing "sweet" about it: to his boxing opponents, to the sports-writing fraternity, not to mention to most of white America, Clay's arrogance was intolerable. This was, of course, the point: "A lot of people will pay to see someone shut your mouth..." he was told by another of the sporting world's natural narcissists, "Gorgeous George", the theatrical wrestler. "So keep on bragging, keep on sassing, and always be outrageous." Clay took his point.

So when he stepped into the ring to fight the seminal fight of his career – the 1964 bout with Sonny Liston, which made him heavyweight champion – Clay wore a robe embroidered with the slogan "the Lip". He had spent the weeks before the fight engaged in verbal warfare, threatening his critics and performing a celebratory poem he wrote himself to mark the event.

> KING OF THE WORLD: MUHAMMAD ALI AND THE RISE OF AN AMERICAN HERO
> **by David Remnick**
> *Random House $25, 336 pages*

But as a young camp follower on the night (my sportswriter father was covering the event), what I remember most was not Clay's beauty, nor even his victory, but the intensity of white animosity towards him. White America thought Clay was – if you will pardon the expression – an "uppity Negro". And it was not just his style which enraged, it was also his politics: Clay had recently become a black Moslem, and a fervent disciple of Elijah Muhammad, the Nation of Islam leader.

To white America, the black Moslems – with their doctrine of black pride and racial separatism – were no more than black racists. At a time when many whites had fallen hard for Martin Luther King's dream of a colourblind nation, the Nation of Islam abjured King's philosophy of non-racialism and reviled whites as "blue-eyed Devils". Eventually, the boxer would cast off his "slave name" of Clay and take the Moslem name Muhammad Ali, divorce his beloved wife for failing to dress with Moslem modesty, and refuse to fight in the Vietnam war on religious grounds.

In the end, of course, white America came to love the champion, for his skill, his natural wit and peculiar gentleness, and finally for his courageous fight against Parkinson's disease. For Ali created not just a boxing champion but a beloved national hero. This myth will run and run.

With many thanks to Virginia Woolf

Anthony Everitt meets the reclusive Susan Hill, who has launched a literary magazine and is publishing a new novel

The novelist Susan Hill is finding new ways of engaging with the world while maintaining a long slow withdrawal from it.

Now in her mid-50s, she lives, as one of her daughters complains, in the "middle of a field" – that is to say, in a remote farmhouse in the Gloucestershire countryside. She gives the impression she would be pleased never to have to leave it. "I don't have a social life," she said. "I don't like it. I would love never to have to go to London again. I read fewer and fewer newspapers, and then only the racing and business pages. Soon I won't read any."

It is odd, then, that Hill has never been busier with worldly matters. This month, she launches a literary magazine called Books and Company. While next month will see the publication by Chatto & Windus of her latest novel, *The Service of Clouds*, as well as the second anniversary of the publishing company she founded, Long Barn Books.

The origin of her publishing venture lies in her lifelong admiration for Virginia Woolf and the Hogarth Press, which that author and her husband, Leonard, founded and managed. But the proximate cause that brought it into being was a quartet of short stories which Hill unexpectedly wrote in 1996.

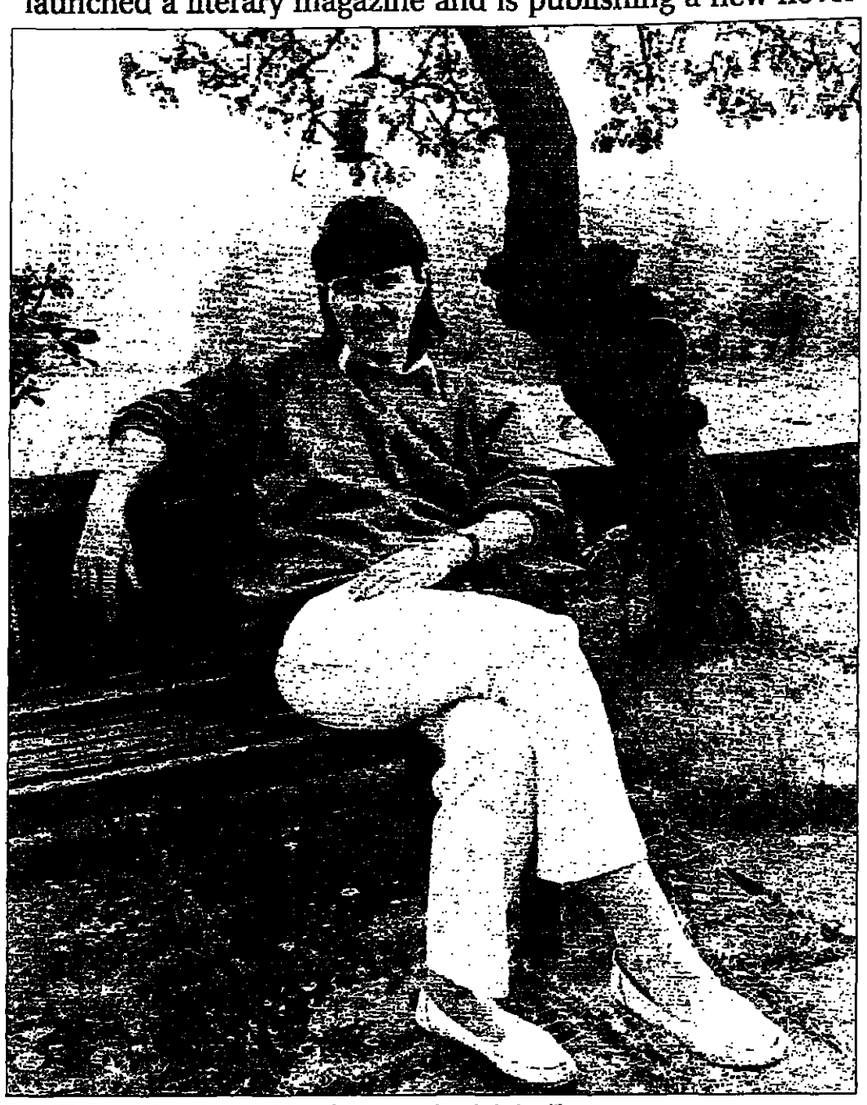
"I thought I'd finished with short stories, and then all at once I wrote four in a row. They were too few to make a conventionally commercial book, and so I put them away in a drawer. But they niggled at me. I'd always wanted to have my own publishing company and I thought, well, if I start with my own work and these stories, I'd have my name to trade on."

Hill is determinedly self-sufficient – with even a hint of strain in her moral muscularity. When launching Long Barn Books, she refused to take out any bank loans or apply for grants. "I wouldn't borrow a penny. And why should public subsidy be spent on what I like to do?" she asked. "It would be unethical."

Creating a surplus value attracts her undivided attention. "Money is fascinating – what it can do – who's got it, and who hasn't." She is proud that her company made a £42,000 profit last year. One of her hits was a book on the late Diana, Princess of Wales, *The Day I Met Diana*, which earned £25,000 for a landmine charity, the Mines Advisory Group.

Hill's editorial policy is to please herself. In effect, it is simply whatever she decides to commission. No more than six titles a year are produced. The novelist yielding to the businesswoman, she avoids fiction on the bleakly practical grounds that it does not sell.

Books and Company is an extension of her publishing enterprise, although she does not expect it to be so much of a money-maker. She aims for £5,000 annual profit after two years, which will enable her to improve the fees she pays authors. Once again, her literary heroine prompted her from the sidelines: Hill came across a reference in Woolf's diaries, which she appears to consult regularly for guidance, to someone starting up a literary magazine. "They all want to," she remarked of her acquaintance. "So why shouldn't I have a go too?"



Susan Hill: 'Money is fascinating – what it can do – who's got it, and who hasn't'

The magazine will steer clear of academic literary criticism, and will not compete with the review pages of broadsheet newspapers and news magazines such as the New Statesman and Society and The Spectator. There are to be no gossip columns, general arts coverage or personality pages.

"It will be a journal about the sharing of enthusiasm," Hill said. "The target audience will be those who go to literary festivals or take part in readers' circles, who read, buy and borrow books. They want background information and recommendations. Just as one buys What PC to know which computer to buy, I hope people who want to know which books to buy will turn to Books and Company."

The first issue is expected to be comfortably middle-brow, but with the occasional sharp edge. Jeanette Winterson will write on the benefits of reading and, recruited from the other end of the fiction spectrum, Joanna Trollope will mount a defence of the historical novel. Alain de Botton will contribute a regular column, Stephen Fry will choose a knapsack of books for a Trans-Siberian journey and Ronald Blythe will be celebrating the ork of the poet, George Mackay Brown. For the second issue, Hill has nested P.D. James and Fay Weldon.

It is surprising that Hill, who lives with her husband, Stanley Wells, the Shakespearean scholar, and her second daughter (the first being grown up), has any time to spare from family life and publishing for the business of writing. "There is an awful lot of hours in the day," she said. "And writers can't write all the time. Anyway, I can't. *And* I have loads of energy."

She is nervous of saying what her latest novel, *The Service of Clouds*, is about. "In fact, I don't really know myself," she said. "Isn't that ridiculous? I'm not even sure where it came from, if you see what I mean. It wasn't triggered by an obsession or a childhood memory. It just grew quietly in my head."

However, when pressed, she reveals some of the plot: "It's a story of growing up, of learning to fit in, of breaking away from home. It concerns obsessive parental love – and its opposite. The central character is a woman who lives through and for her son's life."

It doesn't sound as if she shares much of her creator's fierce realism and independence of mind. These are the qualities that have enabled Hill to negotiate her remarkable concordat with the modern age. She has found a way of living off it, without the inconvenience of having to live in it.

Books and Company is available by subscription only and can be ordered from Longmoor Farmhouse, Ebrington GL55 6NW. Fax 01386-593443. E-mail: hill@long-barn.demon.co.uk.

A hideous humanitarian

This is an ugly, dim book about an ugly but brilliant man. Arthur Koestler was one of the greatest political novelists of the century. His anti-totalitarian novel *Darkness at Noon* (1940), along with George Orwell's *Animal Farm* and *1984*, did more than thousands of speeches and pamphlets and party campaigns to turn a generation of intellectuals and ordinary people away from communism during the first two decades of the cold war.

A few years after it was published, in his harrowing *Arrival and Departure* (1943), Koestler made the world sit up and look with new eyes again, with one of the earliest depictions of the Nazi mass murder of Jews in Poland. "Is that rigmarole of Koestler's intended as fact or fiction?" asked Osbert Sitwell in *Encounter*, comparing the book to lies publicised to blacken the German image in 1914.

Time and again, Koestler the European intellectual, his political instincts formed and finely tuned by his experiences of war and revolution in Hungary, Russia, Germany and Spain, was the conduit by which insular Britain was introduced to scenes of global horror and tyranny. But if he seemed destined to play Cassandra, the prophet never at first believed, he embraced the role of pugnacious adversary with aplomb, and sustained it with devastating consistency in every aspect of his private life.

He was vain, arrogant, violent, a drunkard, probably a rapist, certainly a petty tyrant to his three wives, the last of whom was persuaded to join him in a suicide pact when he was an old man dying of cancer and Parkinson's disease, and she was young and healthy.

Any biographer has to address this central paradox in Koestler's life: how could a man so passionately devoted to humanitarian causes, so tireless in exposing world suffering, have been at the same time a domestic monster, Bluebeard in a 20th century castle luring women from Michael Foot's wife Jill Craigie – whom he allegedly raped – to Elizabeth Jane Howard and Simone de Beauvoir, into abusive relationships?

> ARTHUR KOESTLER: THE HOMELESS MIND
> **by David Cesarani**
> *Hememann £25, 646 pages*

There are many ways into this dilemma. Was Koestler brutalised by his early experiences of war and oppression as a Jewish child in Hungary, where he grew up in the first years of this century? Did his loss of political faith, first in Zionism and then in communism, turn him into a nihilist with no moral values? Was his status as guru of the left in 1940s and 1950s England a licence to torment on a personal level or did he, as his fellow Hungarian George Mikes suggested, simply import into western Europe the "central European" attitude that "every woman was regarded as fair game"?

These are questions which touch on the vital issues of Koestler's life – his rootlessness as the inspiration for his political vision, the existential crises which made him so much a man of the times in the 1950s, his role in mid-century British intellectual life.

David Cesarani, however, ignores them all in favour of a shallow, tabloid debunking job which catalogues every personal peccadillo, every drunken outburst and cross morning-after note, while paying scant attention to the literary and political achievements which are Koestler's claim on our interest in the first place.

Cesarani's twin flaws are an inability to focus and an over-enthusiastic zeal to judge. Koestler had a rich, colourful life which was deeply serious in its central phase – his conversion to and from communism during the Pink Decade, his travels through Russia in the 1930s and his incarceration and death-sentence in Franco's Spain in 1940 – but faintly ridiculous in its long denouement, when the elderly Koestler was a quixotic philanderer obsessed with the paranormal.

This last interest lost him intellectual respectability at a time when his novels were becoming less relevant, to a large degree because the message they preached had so completely triumphed. The urgency and horror with which they burst on the world in the 1940s, and Koestler's virtuosity, in this refugee decade, in writing the first three in three different languages – *The Gladiators* (1939) in Hungarian, *Darkness at Noon* in German and *Arrival and Departure* in English – is hard to imagine today.

Cesarani dwells far too long on the elderly Koestler, and plods through the radical, flamboyant years in elephantine prose. Serious allegations, principally of rape, lose momentum by being jumbled up in moralising waffle about one-night stands and drink. Of the subject of this life, no personality at all, except a tabloid editor's bogeyman, steps off the page, while hanging over the whole enterprise is that British suspicion of the intellectual against which Koestler fought so hard.

Jackie Wullschlager

Postcard from the edge of modern Britain

There is an entry in Ossie Clark's diaries when, after years of struggling with drug dependency, depression and poverty, he remembers the gilded life he led in the late 1960s and early 1970s as London's most fashionable designer, and wonders why "I didn't think about now, then".

The Ossie Clark Diaries is a curious book, not least because Bloomsbury probably decided to publish it on the assumption that readers would long to know what it was like to be the glittering, glamorous Ossie of "then". But the diaries start in 1974, when Ossie's fame was waning and he was beginning a bitter battle with Celia Birtwell, his former wife, for custody of their sons.

Ossie's "then" is described, a stream-of-consciousness sketch written from memory, but his diaries grind through 32 gruelling years of subsisting on DHSS handouts, sponging off friends, and risking his life by cruising for casual sex – only for one man to grunt "I don't think I'll bother" after seeing Clark's ageing face under a streetlight. The diaries end on August 5 1996, with a glum "Gone to Holland Park. Come there if you like" note to Diego Cogolato, a young Italian drug addict whom he picked up on the street 18 months before, and who battered Ossie to death the following night.

Ossie Clark's "now" would read like a Cool Britannia morality tale of a culture which worships anyone blessed with youth, talent and beauty, only to abandon them when those attributes fade, if the working-class Lancashire lad had not seemed so hellbent on self-destruction.

Born in Liverpool in 1942, Ossie had a poor, but emotionally pampered childhood as the youngest of six children. When he won a place to study fashion at Manchester School of Art, his mother, Pam, gave up cigarettes and worked as a charlady to eke out his grant of £6 6s 8d a term.

> THE OSSIE CLARK DIARIES
> **edited by Henrietta Rous**
> *Bloomsbury £20, 402 pages*

Ossie befriended two fellow students, Celia Birtwell and Mo McDermott, with whom he moved to London to study at the Royal College of Art. There, they met the painter, David Hockney, who had a fling with Ossie, but fell in love with Celia. Ossie graduated from the RCA with the only first-class degree of his year, and went to work with the designer Alice Pollock at Quorum, one of the new wave of Chelsea boutiques.

Quorum became a totem of swinging London. Brian Jones, the Rolling Stones guitarist, lived in the flat upstairs. Julie Christie popped in with Warren Beatty. Brigitte Bardot indulged in a £350 pair of velvet pants. Mick Jagger bought his stage clothes there. Quorum's fashion shows started after midnight, with sets by David Hockney and a couple of Beatles in the front row. Ossie went to New York with Jimi Hendrix, and to Marrakech with the Gettys. He bought a silver Buick, only to crash it three minutes after the insurance cover started.

But Ossie wept on the day that, at David Hockney's urging, he married the pregnant Celia, and was faithless throughout their marriage. Celia divorced him in 1974 (the year the diaries begin) and his life seems to have been poisoned by his unhappiness at her rejection and fears of losing his children. At 32, Ossie described himself as "rather burnt out". Partying had lost its allure, and his addictions were taking a toll, lending a "Just say no, kids" subtext to the early diaries. "Walked home throwing up every 10 yards," he wrote after one long night; and "back to reality and depression" on returning to London from a weekend in Paris with David Hockney.

Ossie slipped into a nightmarish cycle of bankruptcy, drugs busts, drunk driving charges and raiding friends' fridges for food. By 1987 he is fretting about shoplifting becoming "a habit", and two years later he has signed on so often that he congratulates himself for "catching out" a DHSS official. He had some joys. Ossie adored his sons, was devoted to his dogs, and so responsive to nature that the sight of a beautiful sky or a bird's nest lifted his spirits. When occasional orders arrived from stalwarts like Marianne Faithfull or Pattie Boyd, he ended his diary entry with a joyful "Yippee!"

But for the most part the diaries are dark and depressive, and Ossie is sour and self-obsessed. He bitches about Hockney, only to call him, demanding cash for a car. He rages about Celia when she complains about his forgetting the boys' Christmas gifts, apparently without thinking how hurt they would be. Ossie even makes the reader feel sorry for Mick Jagger, who is thanked for inviting him to a 1995 Rolling Stones concert with a terse request for a £15,000 "loan".

Anyone searching for insights into Ossie Clark's heyday, or why he was such an influential fashion designer, will not find them here. But as a description of a life on the edge of modern Britain, his diaries are painful, but compelling.

Alice Rawsthorn

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The Ultimate List
Published by Cadogan Publications Ltd. rrp £45.00

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ARTS

A cultural spin for 'Greensleeves'

Hard on the heels of a senior resignation, the British Council wants a new image, writes **Christian Tyler**

Replying to a debate about the uses of official propaganda, a British minister told Parliament in 1920: "To promote an image of one's country in time of peace is not cricket."

Cultural diplomacy is certainly not cricket. But it is a game which countries – especially those whose past looks to them more glorious than their future – continue to play with enthusiasm.

The UK's player is the genteel, 63-year-old British Council. This week, 220 of its senior personnel, half of them from overseas, spent four days in the stimulating environs of the Hilton Hotel at Gatwick airport. The summit meeting, one of the biggest conclaves in the council's history, was called to discuss what kind of Britain it is trying to promote.

As bad luck would have it, the summit came hard on the heels of the sudden resignation of the council's director-general after only 10 months in the job. Insiders stressed there was no causal connection between the departure of Dr David Drewry, a geologist and Antarctic expert, and the strategic conference, which had been planned for some time.

Yet the mis-appointment was embarrassing, and a bad beginning for the new image which the council is trying to adopt in order to project the upbeat version of Britain – so-called "cool Britannia" – marketed by Tony Blair's government.

Drewry had been recruited for his managerial skills. But after unsuccessfully attempting to move four of the council's six top managers at one swoop, he reportedly agreed he was not after all the right person to run an institution with 6,000 staff in 109 countries and an operating budget of over £400m, or to appease the lobbies – political, bureaucratic and educational – which hover over it.

Sudden senior departure: David Drewry

New appointment: Baroness Helena Kennedy

For years the council has been trying to shed its image as a purveyor of clog dancing, "Greensleeves" and Shakespeare to culturally deprived foreigners. In fact, the arts are a small if visible part of its brief: the council's income from English language teaching and other educational services exceeded the £134m grant from the taxpayer last year.

Traditional activities include promoting British university courses, administering examinations, running libraries, mounting exhibitions and arranging scientific exchanges. But a change of government, the recent appointment of the human rights lawyer Baroness Helena Kennedy as chairman of the board, and a review earlier this year by management consultants Wolff Olins have combined to shift the focus.

Human rights and women's rights are being added to the agenda to support the proclamation of foreign secretary Robin Cook that Britain's foreign policy will henceforth have an "ethical dimension". The Labour MP Patricia Hewitt, joint vice-chairman of the council until she became a Treasury minister, said there was an important job to be done training lawyers and other activists abroad in how to reach people whom the Foreign Office could not aid directly.

A self-consciously multicultural image of a multi-ethnic Britain is being exported: the Rastafarian poet Benjamin Zephaniah, for example, has been a popular ambassador. The artistic *avant-garde* is favoured over the traditional, in order to give a sense of a British creative buzz. Greater efforts are being made to identify and woo young leaders of the future – politicians, businessmen and opinion moulders – who may not be members of ruling élites.

The council wants to keep closer tabs on them, as well as putting them in touch with one another. The process is part of what is known inside the organisation as "creating opportunity".

This week's conference faced a number of questions apart from the succession. Should the council concentrate on fewer activities in fewer countries, for example by pulling out of English language teaching in nations already well provided with it? Can it persuade the government to increase the budget for cultural diplomacy? Under what rubric should it market the multifarious activities intended to win friends abroad? How can its profile be raised at home and its antiquated image updated abroad?

Few tangible initiatives emerged from the conceptual mists this week. According to one participant, the council will become more unified in its approach, more transparent in its dealings, more attentive to its "customers", more communicative internally and externally, and less shy about boasting of Britain's assets. But it will go on teaching English in competition with others, offering a more specifically British-cultural slant.

As for the succession, the acting director-general Tom Buchanan is believed so far to have ruled himself out. Among internal candidates, the name of Edmund Marsden, an assistant DG, was being mentioned this week. So, too, was that of board member Sir Tim Lankester, the high-flying director of the School of Oriental and African Studies at London university. A former private secretary to both James Callaghan and Margaret Thatcher, he has worked at the World Bank and the British Treasury, and was permanent secretary at the ministries of education and overseas development.

Among outsiders, the free speech campaigner Frances de Souza has been mooted. As a member of Blair's Panel 2000, the body charged with advising on the "re-branding" of Britain, she, at least, ought to know what spin to bring to the game which is not quite cricket.

Two stars for the price of one

Van Gogh was a huge fan of Millet, finds **William Packer**

Vincent van Gogh is rightly acknowledged beyond his general popularity as one of the founding masters of modern art, the liberator of painting from the immediate preoccupations of the personal visual response, taking it beyond Impressionism into the realm of direct, intuitive feeling and expression.

The path he opened up was soon to be followed by Matisse, Derain, Kirchner, Kandinsky, and so on down to Pollock, Bacon, de Kooning and the rest – he was the first true Expressionist. But, abstract or figurative, we have tended to dwell on the more formal and technical aspects of that subsequent development – upon the primacy of gesture and mark, of surface as surface and paint as paint – rather at the expense of what else painting might be about. Form as content, art about art, are legitimate considerations that to a great extent have set the pattern and character of the modernist inquiry, but they are not, nor have ever been, the whole story.

Far beyond his own radical instincts, painting was for van Gogh the vehicle of his thoughts, ideas and feelings, albeit often subsumed and integrated within the very matter of the paint itself. And he dealt in symbols, if often general rather than specific. Now it might be the obvious statement of a Sun, or Stars in the Sky, now merely the allusive image of corn in the field, or crows in the wind, but a symbol nonetheless.

Even his repetitively energetic, stabbing stroke of the brush becomes something of a symbol. And the hint thus hangs in the air, that from Matisse to Bacon, such painters too have always been no less engaged with feelings, images, symbols. Expressionism, perhaps, is but Symbolism by another name.

For van Gogh there was no debate. There he was through the 1880s, the frequent intimate of the Impressionist avant-garde, familiar with their work and receptive to its influence. And yet at every recurrent crisis in his short, astonishing career, it was not to them he turned, either for practical guidance or spiritual comfort, but to the inspiration of a master already dead, Jean-François Millet. "Millet," he would write to his brother Theo, "it is Millet 'the Father', that is to say he who is guide and counsellor in everything."

When Millet died in 1875, aged 60, he was as well-known, given the technical opportunities of the day, as van Gogh was later to become through the mass reproduction of his work. His imagery, centred upon the life of the rural, labouring poor, which he observed at first hand in the countryside around Barbizon, touched common nerves of the sentimental and the religious, and engravings after such of his paintings as "The Sower" (1850) and "The Angelus" (1859) – which was later to obsess Salvador Dali's inventively obscene imagination – were as popular as any of the 19th century.

Van Gogh would certainly have known them, but his first direct experience of the actual work seems to have been at one of the studio sales in Paris shortly after Millet's death. Thereafter, with Theo's help, he began to collect his prints, and indeed it was in working directly from such material, and by extension moving on to the direct study of the peasant subjects, that he first began to draw and paint on his own account from 1880.

'Paysanne glanant' (1885) by Vincent van Gogh: "It is Millet 'the Father'," that is to say he who is guide and counsellor Essen, Folkwang Museum

The exhibition, "Millet/van Gogh", now at the Musée d'Orsay, is set precisely upon this creative debt of one great artist to the other, and, by no means over-large, it is full of surprises. The first indebtedness is the less remarkable. All artists must start somewhere, and while van Gogh's work of the early 1880s, before he left Antwerp for Paris in 1886, is impressive as much for the speed of its maturing as its manifest authority, the debt was open and the work entirely individual.

What is the more intriguing is his repeated revisiting of Millet, for reasons that betray a deep personal and emotional dependency. Whenever the religious yearning that remained deep in his tormented nature reasserts itself, most especially at Arles in 1888 and during his time in the asylum at St Remy in 1889, it is to Millet that he turns, reworking many of the most famous images in his own terms – "The Sower" cast now into silhouette by the blinding sun behind him; the midday "Siesta" beneath the haystack; the labourer putting on his coat of the valedictory "End of the Day".

Theo had sent him the full set of engravings after Millet's "The Work of the Fields", and here are nine of his 10 versions, with several of the Millet originals beside. It is, throughout, the direct comparison between the two artists that is the most exciting, with van Gogh's reimposition of colour from the secondary reference in black-and-white to set against Millet's own distinctive palette and handling of the paint.

Where does that leave Millet? The short answer is not remotely as the minor object of a greater painter's arbitrary and sentimental admiration. And in the company of van Gogh, we also look again at Millet the painter, and to his advantage – at the close response to Nature observed, and to the surprising immediacy and intensity of that response.

His "Wood-gatherers returning, laden with Faggots" (1874?), unfinished no doubt, is yet an astonishing canvas, loose in its handling, bold and simple in the drawing, rich in the paint, an uncanny prefiguring of van Gogh himself. This exhibition celebrates two Stars.

Millet/Van Gogh: Musée d'Orsay, 1 rue de la Légion d'Honneur (formerly rue de Bellechasse), Paris 7, until January 3: sponsored by LVMH/Moët Hennessy Louis Vuitton.

Television

Murdoch for real

The habit among factual programme makers of treating the viewer like a slow-witted child is spreading. The myth of "three minute culture" (based upon a misinterpretation of American viewing habits: yes, the armchair channel-changer has resulted in "20 zaps per hour", not however because the viewer is incapable of concentrating for more than three minutes, but because in each commercial break he checks on other channels before returning to his original programme) is leading to more and more producers going the way of *Hollywood Wives*.

In these documentaries, the interviews are sliced into tiny soundbites, often lasting only seconds, and then reassembled, like someone taking a pack of cards, arranged in suits, and shuffling.

Yet there are still programmes which resist this infuriating habit, and three, on utterly different subjects, with completely different styles, come to the screen in the next five days: *The Real Rupert Murdoch* (transmitted today on Channel 4 at 9pm), *Kickin' Alice* (BBC2, Monday, 7.30pm) and *Naked: Eighteen Till I Die* (BBC2, Wednesday, 9.50pm).

Today's profile of the media mogul is, unsurprisingly, less revelatory than the hype has suggested.

There is precious little here that will come as news to anyone who has read the William Shawcross biography. However, Murdoch does give an interview and so does his mother, two of his daughters, and some of the many editors he has discarded over the years.

We learn nothing about his willingness to change nationality when it serves his purpose, nothing about where or how he lives. Does he still sail? Read books? Gamble? Watch the films produced by his own companies?

Given that the programme is one of a series called *The Real*…, you might hope for more of this sort of detail. On the other hand there are telling anecdotes from his sister who recalls how, as a boy, he employed his siblings to bag up sheep droppings which he then sold, and several bon mots from former Sun editor Kelvin MacKenzie, who insists that Murdoch "has a real instinct for populism". The whole programme tends to bear this out, though "natural vulgarian" might be another way of putting it.

Kickin' Alice, this week's programme in the *Sound Stories* series, follows a British step-dance group from Herefordshire (not to be confused with line dancers: these people practise what looks like an atavistic form of *Riverdance*) as they visit the step-dance festivals in the Appalachian mountains.

This is a little like watching zoo-bred animals being returned to the wild. It seems that British settlers took their clog dancing to the early American colonies and, in the US, styles mutated and developed, acquiring African and hill-billy influences, and becoming more popular.

Today the Americans wear their jingle taps loose and dance a much more snappy and jerky style than their ancestors. The Americans are clearly fascinated to watch the visiting British with their up-tight jingle taps (metal shoe plates) going through their strict tempo routines like something out of a living museum. More dance and less chat would have seemed a good idea, but, given the rarity of this sort of material on television, perhaps we should not complain.

> He employed his siblings to bag up sheep droppings which he then sold

Naked is the first of four programmes about people's attitudes towards their bodies. For some reason they are presented out of order. Although there is a programme about adolescence, another about "the prime of life" and one about old age, this opening episode deals with middle age.

Director Lucy Blakstad seems to have gone to great lengths to ensure that none of the bodies we see are beautiful or sexy; perhaps that was the only way she could get the series accepted. Often we see bodies without heads, and body parts in such detail that it is hard to decide just what we are looking at.

Given the intimate knowledge that each of us has of our own body, the time we spend looking in mirrors, and the significance of our self-image, the idea for this series seems a good one. Moreover, the different ways in which men and women perceive their own bodies is something that fits neatly into the concern of other series (Channel 4's *Anatomy of Desire*, for instance).

That said, this opening programme with its paunchy, pony-tailed, 50-year-old bachelor who resorts to a Porsche for attracting young women, and the couple who use plastic surgery and exercise machines to try to stave off the effects of ageing, seems slow and long winded. You almost begin to wonder how it might look in *Hollywood Wives* mode.

Christopher Dunkley

Theatre / **Alastair Macaulay**

Distracted by Macbeth

While some regional British theatres keep winning nationwide attention – as when Ian McKellen performs *The Seagull* at the West Yorkshire Playhouse – others are struggling to stay open, and many will go under. One such is the Wolsey Theatre, Ipswich.

In recent years, it has had a distinguished record on paper; it has often been the first regional theatre to present plays that recently succeeded in the West End, such as Tom Stoppard's *Arcadia* and Terry Johnson's *Dead Funny*. Nonetheless, its audience has shrunk; and its artistic director since 1997, Andrew Manley, has not been able to stop the shrinkage. The local council has expressed reluctance about further funding.

Tempting fate, I went to see Manley's production of *Macbeth* on Friday the 13th. What I found was an oddly split experience. Before moving to Ipswich, Manley was artistic director at Harrogate, and his Ipswich *Macbeth* reminds me strongly of his Harrogate *Cat On a Hot Tin Roof*. On the one hand, the acting is committed, coherent, unpretentious; on the other hand, the visual and acoustic surround is pretentious and distracting.

First, the bad news. An electronic buzz or whirr continues non-stop throughout, and other sound effects are added. Thus listening to Shakespeare's words is an effort of will. Though the decor is vaguely futuristic, it obliges actors to climb up and down ladders; its floor has holes and gapes which actors negotiate at their peril. Multiple video screens project odd imagery. At no point do any of these factors lead one deeper into Shakespeare's play.

Now, the good news. What the actors do is the opposite of what the rest of the production does: they give you *Macbeth* itself, in which characters speak the words simply and sincerely as if they meant them. This is rarer than you might think; seldom today does one encounter honest acting in *Macbeth*, which is frequently over-interpreted and/or under-felt. Here, however, the relationship between the Macbeths (Jonathan Wrather, Octavia Walters) is fresh, passionate, sexual.

Both Macbeths are young and urgent. Macbeth is vigorous, impatient, ambitious, neurotic; Lady Macbeth is voluptuous, elegant, tough, initially ruthless, only later afflicted by doubt. The entire play is given by a total of nine actors. Though some individuals are weak, Julian Harries is outstanding as Banquo. This is not a brilliantly insightful account; but, if only the production did not get in its way, it would be a true one.

Another piece of good news is that Jonathan Wrather, the Macbeth, has often worked with Manley before. Wrather has fierce intensity, striking looks, a vivid nervous system intelligently deployed. As Macbeth, however, he uses too shallow a voice; the cropped haircut is a mistake; he has not learnt to let the lines breathe. The role needs more weight and depth if the dark core of the play is to absorb us.

This *Macbeth* should be better than it is, but it shows clearly that, if the Wolsey is forced to close, several virtues rare in theatre today will be lost with it.

Wolsey Theatre, Ipswich. To December 4.

CORRECTION

Masterworks

In the article "Masterworks put market to the test" on page 9 of the weekend issue November 7/8, the painting "Jeune Fille Blonde" by Pierre Auguste Renoir was listed as coming up at auction later this month at Christie's in London. This painting is not coming up at auction and is currently in a private collection. We regret the error.

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Miho Museum: the central atrium of the entrance hall

Hipshtick

A purifying experience? Roman fresco panels, 1st century AD, among the stunning edifices

Deep in the magic mountain

Lynn MacRitchie on a remote Japanese museum founded by a religious sect

A visit to the Miho Museum in Japan throws up a lot of contradictions. An ultra-modern museum, buried in an ancient mountainside. A collection of rare and precious objects, chosen not for their impeccable provenance but for their "spiritual quality". A spiritual society that believes in the beauty and purity of nature and buses people up a mountain to prove it.

Sited in the Shigaraki Mountains near Kyoto, the museum, which celebrates its first anniversary this month, is the idea of Mihoko Koyama, wealthy founder of the Shinjei Shumeikai "spiritual society", set up in 1970 and based on the teachings of Mokichi Okada, her own spiritual teacher.

Now known as the Shumei Family, and with 300,000 followers in Japan and abroad, they believe body and soul can be purified by appreciation of beauty, of which works of art are the truest expression. It is this belief that underlies the setting up of the Miho Museum, designed for Koyama by I.M. Pei, architect of the Bank of China building in Hong Kong and the Louvre's glass pyramid.

Her invitation to Pei in 1991 had far-reaching consequences. He took charge of the whole concept of the museum, from selecting the site to advising on the collection, insisting that it be expanded from the several hundred objects associated with the Japanese tea ceremony which Koyama had assembled over 40 years.

To attract visitors to its remote site, the museum needed to be unique, he explained. Why not use it to trace the connection between traditional Japanese and ancient western art? So, while Pei began to build – slicing the top off the mountain to facilitate construction – Koyama went to market. Her first purchase of non-western art was a magnificent central Asian Gandhara Buddha from the second century AD, and other rare and precious objects followed. So, seven years after it was conceived, Koyama's memorial has become a western-style museum, complete with western problems such as a too large collection and an unclear exhibitions policy.

But it needn't have been like this. A woman rich enough to move mountains to house her art collection could surely display it in any way she and her followers might choose. But a visit to this mountain-top eyrie is a puzzling experience.

Just getting to the Miho Museum is like a test of dedication. First, there is the two-hour crawl through dense traffic out of Kyoto. Then the road begins to climb, its sides falling away into a deep valley, covered in dark pine forest, the sort of landscape glimpsed in ancient Japanese scroll paintings. From the coach drop-off point, visitors must walk or ride on electric cars through a tunnel penetrating the mountain, then cross a bridge over a deep valley to reach the museum entrance on the next ridge.

While this might be romantic – Pei likes to quote the 4th century Chinese tale *Peach Blossom Spring*, which tells of a humble fisherman transported through a mountain to a paradise on the other side, as his inspiration – one has the impression of being processed, controlled, one's responses not quite one's own.

Once on the mountain, the Miho experience takes over – there is no possibility of independent action. Also, the respect for nature which the museum so spectacularly demonstrates – the soil and rubble dug to clear the mountain top was returned to the site to cover up the main body of the building, now buried beneath pine-clad slopes – is contradicted by the building on the next mountain top, the Shinjei Shumeikai shrine at Misono.

It is normally closed to non-Shumei Family members, but journalists attending the museum's anniversary celebrations were permitted a visit. The huge, soaring shrine building, was designed by Minoru Yamasaki and completed in 1982. Seating almost 6,000 with room for more in adjoining buildings, it takes command of the mountain top, a parade-ground like space cleared out in front of it, with a belltower by Pei set at one corner.

At the museum itself, the only hint of the existence of the Family is the view of the roof of the shrine and the belltower, which visitors may glimpse from the museum's entrance hall. But, for this visitor at least, knowing about the sect made viewing the objects a less than comfortable experience. For while westerners may be used to the notion of the rich and philanthropic collector – indeed, Koyama's closest counterpart would seem to be Paul Getty, whose idiosyncratic collection has also found a home high on a mountain top in Los Angeles – we tend to be uncomfortable with the idea of spiritual societies. Indeed, the sight of 10,000 Family members leaving their monthly service at the shrine the day we visited struck chills in a sceptical heart.

Not that they were secretive: while no written material on their beliefs was available, their spokesman seemed open, answering our rudest questions without hesitation. The Family holds a monthly service, a mixture of Shinto and Buddhist rituals based around a concept of "healing light", make personal testimonies and listen to an address from Koyama's daughter, Hiroko, the society's president. Between services, members engage in good works or improve themselves with classes, including natural agriculture and, of course, the tea ceremony.

Although the devotees seen scrambling into their coaches to leave after the service seemed ordinary enough, the sect does have several very wealthy members, foremost of whom is Koyama (whose family founded the Osaka-based Toyobo company, Japan's leading manufacturer of textiles and packaging materials). Members pay a one-off donation on joining and donations paid for the construction of the museum, which cost between $200m and $300m, and for the objects in it, which Mrs Koyama continues to collect on the "Family's" behalf.

It is a spiritual quality that she looks for in the objects that the world's leading dealers in ancient art arrange for her to see. Whatever one may think of art as a bearer of enlightenment, Koyama's choices seem inspired – to a non-expert eye, the objects from Egypt, the near east and the classical world were stunning.

The significance of the collection would seem to be confirmed by the 1996 tour of selected items to the Los Angeles County Museum and the Metropolitan Museum of Art in New York.

For those unable to make the pilgrimage to Japan, objects from the collection will tour Europe next year, with appearances in Vienna and possible Leiden, and further tours and exchanges are planned. The intervention of Pei has indeed secured a broader stage for a collection whose quality alone should ideally secure it the widest possible audience.

But the mountain-top museum remains a not quite comfortable place to visit, like stepping into an exquisite fairy tale, where east and west can meet, admire but still not quite understand each other.

The Miho Museum, 300, Momodani, Shigaraki, Shiga, 529-18 Japan. Tel: 0748 82 3411, fax: 0748 82 3414. Anniversary exhibition runs until December 15, after which the museum closes until March 15. Travel – by road from Kyoto, or by train/bus from Kyoto Station to Ishiyama Station, followed by bus which leaves every hour.

Radio / **Martin Hoyle**

Here we go round the mulberry bush

Is it simply age or a post-unnoticed-mortem descent into the limbo reserved for critics, but is there a terrible cyclical regularity in the recurrence of the same old subjects? Monday's *Start the Week* – a myth exploding, Jeremy Paxman's egghead status has taken a beating from his exposure to keen minds as opposed to mere politicians – dealt with, guess what, English class-awareness. In fact, it was slightly more interesting than promised: not so much the class system as our obsession with it, a very different matter.

The discussion itself was a good example of British (or English – there are distinctions to be made, but Paxman is not the chairman to make them) self-absorption. Navel-gazing one would be tempted to call it, did not a route up some other orifice suggest itself. It illustrated the old query as to what he knows of England who only England knows?

Thank heaven for Antonia Byatt, who indicated a world outside by mentioning the egalitarian Dutch, *à propos* the alleged link between monarchy and class. She might also have adduced the Danes, Swedes and Norwegians as paradoxical proof that the most classless countries in the western world are constitutional monarchies. She very sensibly alluded to the class-consciousness of the French, the most virulently snobbish race in Europe. American class attitudes (they exist) were skated over, all the more disappointing since the affable and perceptive bicultural Bill Bryson was present, if rather excluded.

No, perhaps this sense of *déjà vu* owes more to advancing years. Did Mark Lawson really have to explain to *Front Row* listeners that Americans call robbery "a heist"? This was in Monday's creakily obvious piece on movie (or film, as the English call it) car chases. We were told that they must be carefully directed and often use stunt men; streets and pedestrian access must be cleared; and sometimes the cars are not going as fast as they seem on screen. Wow. These backstage secrets are heady stuff.

Pop goes the BBC's *soi-disant* cultural coverage. *Pop!* goes the socio-economic system sometimes too, according to Thursday's new series of that name, looking at "bubbles, booms and crashes". Presented by economist Bridget Rosewell, Michael Blastland's production at first seemed over-eager to capture the younger vote with the amral equivalent of the whizz-bang visuals so fashionable on youth TV some years ago: sound effects of traffic jams, bursts of song ("I'm forever blowing bubbles") and even the probable first performance in 200 years of Thomas D'Urfey's "The Hubble-Bubble Ballad", thanks naturally to a US university.

Over-exuberant presentation was soon forgiven since the programme was packed with information, and raced through diverse authorities and experts with dazzling ease. Brian Sewell on Hogarth showed how well visual art can be described on radio. References included Blake and Bagehot; speakers included the acting Master of Balliol, the president of the Economic History Association of America, and the editor of the Financial Times. The latter, Richard Lambert, displayed a relaxed radio persona as he recalled a Scots speculator in *ancien régime* France to whom dukes and duchesses flocked in search of shares. One woman stalker even staged a traffic accident, overturning her carriage in his presence, so he would rush to her aid. When she confessed her subterfuge, the canny adventurer "smiled and entered her into his books".

Smiles were replaced by mud when the Mississippi bubble burst; as painful as the dyspepsia doubtless felt by the Dutchman who mistook a bulb for an onion in the great tulip bubble of the 1630s, thereby eating the value of a house. Next week: more on "herdishness", the mob mentality that sweeps everyone before it, according to Mackay's disapproving *Extraordinary Popular Delusions and Madness of Crowds* (1841), entertainingly drawn on in this programme, and the mass fickleness that reduces us to "the inferior forms of humanity: women, children and savages".

Tuesday's *The Choice* was one of the best, both moving and disturbing. Michael Buerk tactfully questioned Anne Rogers on her decision to keep her son alive, now requiring a team of 14 carers at home, after an accident had reduced him to "persistent vegetative state" at 17. Given the medical profession's increasing inclination to switch off the machine, to withdraw food and liquids, it was frightening to hear of the post mortem that revealed one such victim's brain to be unharmed. A blood clot on the brain-stem had merely paralysed her; the girl had probably been aware of family and doctors around her bed deciding to let her die. The allegedly vegetative young man has been known to smile, even say "amen" at the confirmation his mother arranged in accordance with his previous wishes. A powerful programme that raised painful issues.

A quick salute to a master broadcaster. *Alistair Cooke: A Celebration* reminded us that *Letter from America* has clocked up over half a century; that its scribe is a musician and film-buff; that he served on a committee on the English language with Bernard Shaw; and that despite working for The Guardian he has been an exemplary practitioner of that language for his 90 years.

Good times: from left, Kathryn Evans and Sarah Payne

Theatre / **David Murray**

Hummable happiness

Transferred from the little Bridewell Theatre to the Vaudeville, with a partly new cast and doubtless some revisions, Jerry Herman's *The Best of Times* is going to make a lot of audiences very happy. It isn't a musical, but a string of 40-odd songs from eight of Herman's shows: seven from Broadway – *Auntie Mame, Hello, Dolly!, La Cage aux Folles*, etc. – and one (*Mrs Santa Claus*) from television.

Very few words are spoken. We get individual songs in their own right, not as echoes of the original shows; some have even changed their sex. But as "conceived" by Paul Gilger, and directed and choreographed by Bill Starr, the sequence is more fun than the mere sum of its songs. Those are pointfully dovetailed, danced, freshly reprised, shared by different voices and turned into ensembles. The result becomes an Olympian conspectus of what Herman can do.

And what *does* he do? He is a thorough professional who writes effective, instantly appealing numbers in a familiar idiom for a wide range of Broadway shows – though he is canny enough not to tie them too explicitly to the action (they travel better without such luggage). Music *and* words, invariably: that's his special gift.

His lyrics are deft, sometimes witty, always "natural" – you hear somebody actually *speaking*; his tunes answer with deceptive ease to real-life speech-rhythms and emphases. Somehow that demotic fluency clings to the tunes even when hummed wordlessly, on the way home from the show. As you step into your cab or on to the Tube, your head will be full of hummable tunes.

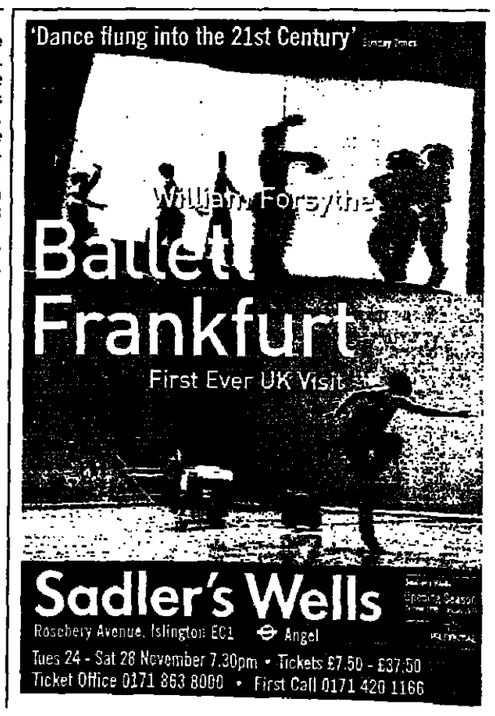
By the end of the ride, nonetheless, they may have melted indistinguishably into a lot of other Broadway tunes. Herman's rarely stray far from a home key and the basic "three chord" routine – though successive verses and choruses are routinely raised a semi-tone for excitement, and the last choruses routinely belted out at half-speed, with hefty drum-thwacks on the off-beat.

Those are cheap thrills that work only while the show goes on. But *The Best of Times is* a show, and while it goes on they *do* work; the six-strong cast ensures that. Its linchpin is the singer-pianist James Followell, the only authentically American voice here (frank and raspily intimate). He also had a hand in the clever arrangements, and his pianism is ultra-professional, though I could have done without his fake-Rakhmaninov titivations.

The other performers do their feisty best, which is more than enough. Kathryn Evans has a torchy smoulder and a fine brassy edge; Lindsay Hamilton boasts her own vein of wry comedy, and shoulders up to soulful outpourings, too. Sarah Payne does the ditsy blondes winningly, and more.

Garth Bardsley is incessantly apt in a great variety of roles and songs. Young Jamie Golding, who began his career at 11 and hasn't aged much – the pushed-in face and sticking-out ears help – tackles another wide range.

The sound-engineering is faultless, like Hugh Durrant's elegant, simple designs and Robin Carter's constantly inventive lighting. A lot of people, I should guess, will want to see this show two or three times.



SPORT / MOTORING

Man in the middle David Shepherd: 'I think the press in England is the hardest in the world, although I might be proved wrong in South Africa' Lawrence Griffiths/Allsport

Cricket

Hard to keep the ball rolling and look over your shoulder

Christopher Lyles assesses one of the loneliest jobs in sport - that of the Test match umpire

Last Saturday, David Shepherd was delivering newspapers for his brother on a cold Devon morning. Today he is flying to Johannesburg to officiate in the opening two Test matches of West Indies' first official tour to South Africa, when he will again be put under the magnifying glass of the cricket-watching world.

Brian Lara versus Allan Donald. Concerted appeals of "Howzat", and worse, as the batsman is wrapped on the pads yet again. Ear-splitting cries of "Catch it" as fielders proceed to converge in a triumphant huddle.

Welcome to the world of the contemporary Test umpire who also has to carry out his job under the unremitting scrutiny of the world's media – where every decision is subjected to countless television "super slow-motion" replays before being further picked over by the newspapers. "We've got the best seat in the ground and the worst," says fellow international umpire Peter Willey.

Players have the right to expect the highest umpiring standards but an umpire's role has become increasingly demanding as excessive appeals and the reluctance of the batsman to "walk" have pervaded the game. Couple these with the advance of TV technology and it is akin to living in a high-tech goldfish bowl.

"If you get someone who walks these days, it is like winning the *National Lottery*," adds Willey, who played 26 Tests for England from 1976 to 1986. "People say modern sport is about winning, winning, winning. I think it is a sad thing for the game of cricket that this mass appealing has come in. When I played, we appealed when we thought it was out."

Shepherd is even more candid. "If a player knows that he is out and doesn't leave his ground, then in my book he is cheating," says the man who played for Gloucestershire before being appointed to the first-class umpires' list in 1981.

"Some people might say that he has cheated the umpire, but he has actually cheated his fellow professionals. Funnily enough, I think television can help. Although it is hard going for the umpires at the moment, players will be shown up to be cheats and that should help the game in the long run."

Thanks to the sponsorship of National Grid, owner and operator of the electricity transmission system in England and Wales, every Test is adjudicated by a neutral umpire, as well as by a local official, in the expectation that a fairer environment will exist. (There is a strong case for appointing two neutral umpires.)

> 'If a player knows that he is out and doesn't leave his ground, then in my book he is cheating'

Shepherd was one of the first International Cricket Council (ICC) umpires to preside abroad – in 1992 – as part of a pilot scheme also created to improve the standard of worldwide umpiring. A formal panel was established in 1994. It now consists of 20 umpires, with all nine Test-playing nations represented.

The umpires are advised of their next appointment by the ICC about six weeks in advance, although they must keep their inoculations up to date, and fly business class, normally arriving several days in advance to acclimatise. "It is a great opportunity to see the rest of the world, although it can be a bit tiring at times," adds Shepherd, who can expect to earn £3,000-£3,500 for umpiring one Test.

"Last winter I travelled to Pakistan, Zimbabwe and India, and there was a gap of only four or five days between the finish of the match in Bulawayo, where Zimbabwe were playing Pakistan, and the Test in Bangalore between India and Australia."

Willey, who has also officiated all over the world, umpired a Test between Pakistan and Australia in Rawalpindi seven weeks ago. "I hadn't been to Pakistan for about 20 years," he said. "It was a marvellous week, a very good cricket match and great crowds." He is due to umpire two matches between West Indies and Australia in the Caribbean next March.

Two other ICC umpires, Englishman Mervyn Kitchen and Pakistani Javed Akhtar, were pilloried by the British press for some of the decisions they gave, (or did not give) in the England-South Africa series this summer.

"I find the pressure a little less intense when I umpire abroad where I don't think the newspapers and television are as personal and intrusive," declares Shepherd, who has officiated in more than 40 Tests since 1985. "I think the press in England is the hardest in the world, although I might be proved wrong in South Africa."

How long they may be flying to such places is a moot point, as the possibility of computer-programmed decision-making grows. "I think that, eventually and unfortunately, all umpiring will one day be done by television and computers," says Willey. "The umpires will be in the middle counting the deliveries and calling the no-balls. It will be a sad day for the game when it does happen."

Shepherd believes banning players from matches, which the referee is entitled to do, could end the current malaise – and he does not exclude captains. "The best way of administering justice is by suspending players," he concludes. "And it is a law of the game that the captain is responsible for the actions of his team."

Michael Thompson-Noel

Jumps are riding for a fall

British jumps racing, which annually kills or maims hundreds of racehorses, was in the dog house again this week when Tony McCoy, the champion jumps jockey, received an 18-day ban for excessive use of the whip. Moreover, he was told by the Jockey Club he must undergo a day's coaching on proper use of the whip at the British Racing School in Newmarket.

I have no time for McCoy, or for anyone connected with jumps racing. One day, it will be banned, and good riddance to it. But it cannot be denied that the UK racing authorities have handled the whole whips business with skill and intelligence.

Asked whether his punishments would make him change his whipping style, McCoy said: "Obviously, to keep within the guidelines – yes. I will do my best. I will still be as keen to win as ever, but hopefully without breaking any rules."

And Christopher Hall, chairman of the disciplinary panel which pondered McCoy's case, said: "The [Jockey Club's] whip instruction has, in the main, been a success. It is generally agreed that . . . jockeys' riding styles have improved considerably and, as a result, horses are hit less hard and less often."

But why, when jockeys are penalised for over-whipping, are the horses themselves so seldom disqualified? If owners forfeited prize money every time their jockeys broke the whipping rules, the problem would evaporate. *Non?*

It is not quite as simple as that. The man in charge of disciplinary and licensing matters at the Jockey Club is the supple-minded and articulate Malcolm Wallace, who told me: "Horses can win races even though the rules have been breached. For example, it would seem very unfair to take a race away from a horse that would have won anyway" – irrespective of whether its jockey had broken the whipping rule.

But what about cases where the horse ran just a little bit faster than it might have, and won a race it might have lost, I asked.

"Ah," said Wallace. "But I don't believe that whipping necessarily makes a horse run faster, do you? When it *does* win, you'd be very hard pressed to prove that the winning was directly connected to the whipping."

That is true. In the end, though, no amount of smooth talking will save jumps racing from the chop.

□□□□

What a week for Dennis Rodman, the bad boy of basketball and one of my all-time sporting heroes.

On Tuesday, Dennis The Menace confirmed he was indeed married to former *Baywatch* actress Carmen Electra – and said he was happy about it. Rodman is so cool that in 1995 he bought a T-shirt in a West Hollywood shop that stated: "I'm not gay but my boyfriend is."

Dennis and Carmen were married in Las Vegas last Saturday. On Monday, however, Rodman's agent questioned whether the marriage was legal, claiming the Chicago Bulls star was drunk at the time. "Obviously anyone that would marry somebody that was intoxicated to the point that they couldn't speak or stand had ulterior motives of some sort," Rodman's agent, Dwight Manley, told the Associated Press news agency on Monday. Manley claimed Rodman had been taken advantage of by Electra and by people he called "leeches".

But Rodman, in a handwritten statement, said subsequently he was in love with Carmen, and apologised "for any false statements given on my behalf regarding my marriage to Carmen Electra".

The two exchanged vows at A Little Chapel of the Flowers on the Vegas Strip. Cheryl Vernon, supervisor of the Clark County Marriage License Bureau, said a licence would never have been issued to someone who appeared intoxicated. Just as well, really, considering Vegas's non-stop japes and jollification.

□□□□

Burn-out is a problem afflicting most professional sports, though little seems to be done about it. It makes you wonder whether the people running these sports know what they are doing.

Take tennis. Professional tennis players lead cosseted lives, but burn-out troubles them, as Spain's road-weary duo of Arantxa Sanchez Vicario and Conchita Martinez indicated when turning in sluggish performances in opening-night losses at New York's Madison Square Garden at the season-ending Chase Championships this week.

The Spaniards – both are 26 and both were seeded – lost tough first-set tie-breaks and had nothing left to give in the second set. They said they were fatigued by an over-long season.

Martinez, who reached the Australian Open final in January, said: "We end the year on November 22 and then we have to [re-]start in January. It's like: go, go, go. By the end of the year, most players are either burned out or injured."

There is plenty of evidence to support her claim. Venus Williams pulled out of the tournament with a recurring left knee injury. Steffi Graf is coming back from yet more surgery. Jana Novotna missed three recent tournaments with a back problem. Martina Hingis skipped three with an ankle sprain. And world No 1 Lindsay Davenport was nursing a sore elbow all summer.

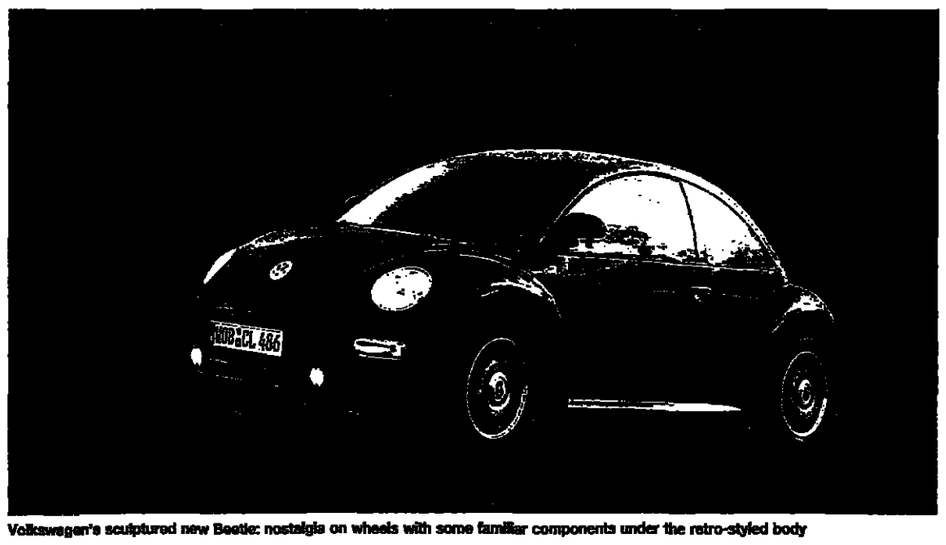
"Everybody is coming to this tournament really tired," said Sanchez Vicario, the reigning French Open champion, who is usually known as the distaff game's most tenacious battler, a female Michael Chang. "We don't have a [proper] off-season."

She added: "We play because we like it, because it is our profession." But players' complaints were usually ignored. "Whoever is responsible should listen and maybe change things," she said.

Motoring

Beetlemania hits the road again

Stuart Marshall drives the reborn Beetle and discovers a Golf under the sassy restyling



Volkswagen's sculptured new Beetle: nostalgia on wheels with some familiar components under the retro-styled body

Logic says that if you want a Volkswagen Golf, you should buy one that is Golf-shaped. Emotion – in this case a mix of nostalgia and a desire for individuality – says you must have a new VW Beetle, which looks like a chubbier version of the old one but is utterly different underneath (a VW Golf actually).

When I first saw a styling concept of the car more than four years ago at the Geneva motor show I had two thoughts: VW had either gone mad or had felt the need to attract publicity with a jokey idea it had no intention of pursuing.

Having motored for nearly a decade in five Beetles in a row, I knew the nature of the beast. A great car in its time, it had been left behind when the world moved on to small family cars with front-wheel drive and east-west mounted liquid-cooled engines. More than that, they also had rear seats you could sit in without your head touching the back window and proper boots, not a bogey hole you reached by pulling forward the rear-seat backrest, plus a shallow space up front, shared with spare wheel and petrol tank.

The idea of bringing the Beetle back to life began in 1991 in the US, where it had been as commercially successful as its successor, the Rabbit – a Golf to you and me – had been a dead loss. Three years later a Beetle concept with rear-wheel drive had been the sensation of the 1994 Detroit automobile show. American VW dealers clamoured for it to go into production. Startled and delighted, VW decided to make a new Beetle, but only if it could be based on a front-wheel drive platform.

Eighteen months later, in October 1995, a Beetle look-alike with Golf front-wheel drive underpinnings was acclaimed at the Tokyo motor show. A few weeks later VW management decided to put it into production at its Puebla plant in Mexico because it lay within the North American free trade area. (VW always saw the US as far and away the biggest potential market.)

Last January the car went on sale in the US, where it was snatched from dealers' showrooms. So great was the buying frenzy that some new Beetles commanded double the list price when sold on. Next month, when it becomes available in Germany, buyers will find long waiting lists.

When I drove it this month in the flat countryside near VW's vast plant at Wolfsburg, near Hanover, it was nothing like the Beetles I had known. In them, you drove with your legs forward and your feet somewhere beyond the windscreen.

This car has as large and flat a fascia as you might find in a Sharan people carrier. Its only instrument is a single dial as big as a dessert plate above the steering column, with speedometer, rev counter and fuel gauge.

Between it and a centre console with radio and ventilation controls is a flower vase. (Funnily enough, I don't remember having one in any of my five old Beetles but it is held to be an authentic bit of nostalgia.)

The front windscreen pillars of the new car are so wide they each have a built-in loudspeaker at the base and are a touch obstructive to visibility in traffic. A bonnet that disappears just in front of the parked screen wipers may also take a little getting used to. In every other respect the new Beetle goes and feels like the latest Golf, which is exactly what one would expect.

Only two engines are offered at present to European buyers, a 1.9-litre, 90-horsepower, direct-injection turbo-diesel and a 2.0-litre 115-horsepower petrol unit. I preferred the diesel, as did many of the international motoring press at the launch.

Higher gearing made it more relaxed at speed on the autobahn, greater torque produced at a lower engine speed gave it lively pick-up and acceleration without changing down. Fourth was an ideal overtaking gear. It also uses far less fuel; the turbo-diesel should average 54mpg (5.2l/100km) against 32.5mpg for the lower-geared petrol version.

The new Beetle rode resiliently (though Germany's beautifully smooth roads are hardly a stern test), it had quick steering and nimble handling. Thick windscreen pillars apart, the main snags are poor rear-seat headroom and not much boot space, though the back seat folds forward to make a good-sized load floor.

When you lift the boot lid, it looks just like an old Beetle's engine compartment, except that it has a flat, carpeted floor instead of being filled with a sheet-metal-shrouded, air-cooled *boxer-motor*, which has horizontally-opposed cylinders.

Who will buy the car? In the US, buyers have traded in every kind of car from domestic and imported luxury models to sports two-seaters. In Europe, I see it having huge appeal for the mainly young car owners who now drive uncomfortable on-off-road 4x4s or Japanese sports coupés out of a desire to be different.

"Think of it not as the daughter of an old Beetle but the sister of the new Golf," was how a senior VW manager described it. The new Beetle would stir memories and emotions, he said, and make streets prettier and more cheerful. I can't disagree but, when the time came to write a cheque, I would still have a Golf.

In the US, the new Beetle sells from $21,500 (£13,000). European prices have not been announced but early next year Volkswagen UK expects to have modest numbers of 2.0-litre petrol-engined models to sell with left-hand drive only for about £16,200.

Right-hand drive sales will not start until the end of 1999. The left-hand drive cars will have the same comprehensive specification as the forthcoming right-hand drive versions; all will have ABS brakes, twin-frontal and lateral airbags, air conditioning, power-operated windows and mirrors, alloy wheels – and a flower vase. Clever dealers will probably throw a rosebud in for free.

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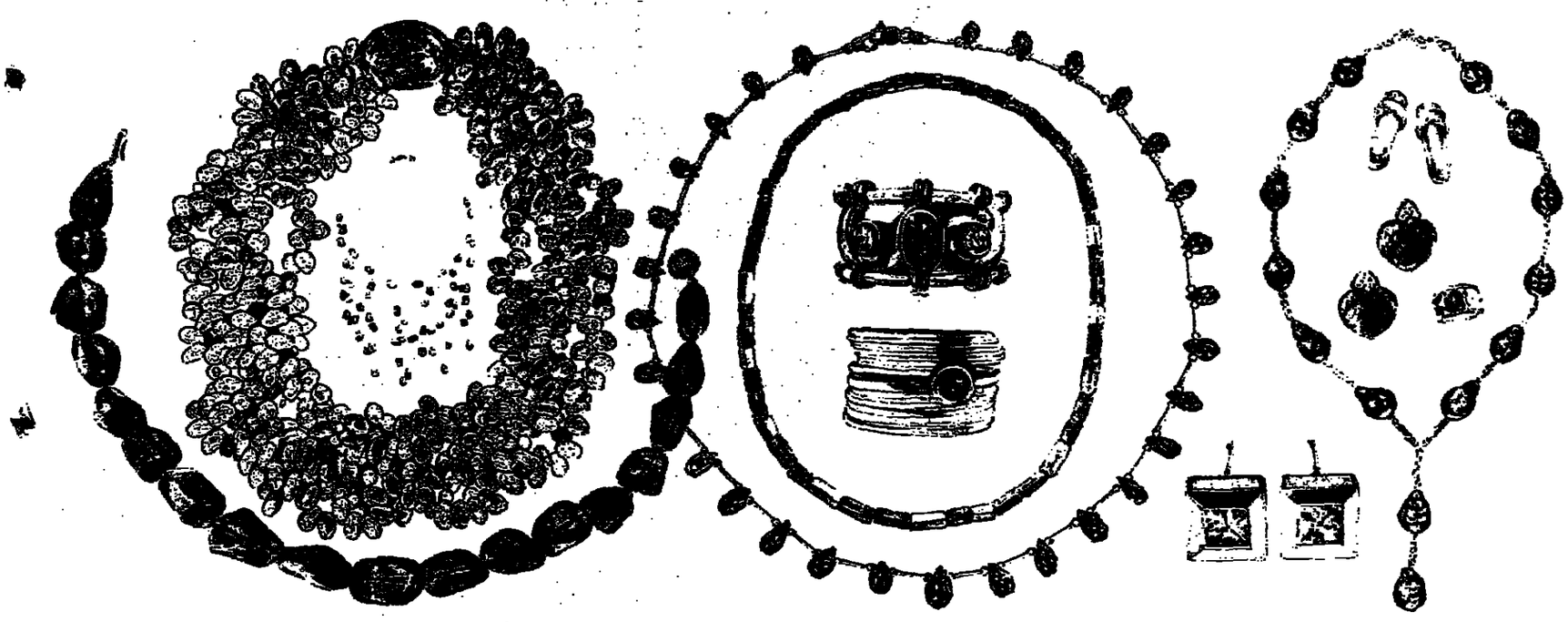
How to Spend It



☐ Far left group: String of irregular amethysts, £395, Kiki McDonough; freshwater bubble pearls with citrine centre set in white gold, £1,200, Susan Lennox; floating necklace of blue topaz, peridot, amethyst, citrine and white freshwater pearls, £95, Heavenly Necklaces.
☐ Centre: Faceted emeralds on 14 carat gold tubes, £800, Susan Lennox; necklace of blue tourmaline and platinum lozenges, £3,250, Cox & Power; 18 carat yellow gold large "Bombée" ring set with an octagon emerald and diamond tapers, £10,500, Louise Sinclair; stack of 20 18-carat gold and silver rings with a green tourmaline set in an 18-carat gold ring, £339, by Anna Opher at Jess James.
☐ Left: Platinum stud earrings set with diamonds, £1,655, Jess James; grey Tahitian or South Sea pearls on an 18-carat white or yellow gold chain, £1,500, Susan Lennox; 18-carat gold ring with pink tourmaline and diamonds, £1,850; silver and gold earrings, £395; 18 carat white gold, pavé-set diamond and faceted amethyst heart earrings, £1,600, all Kiki McDonough

Drawings by Margaret Keedy

Less flash, but still sparkling

Restraint is the watchword of today's jewellers, says **Lucia van der Post**

I can't help a sneaking feeling of sympathy for all those grand jewellers with their matching sets of perfectly cut cabochons, their glittering gems, their fine gold and platinum. All that craft, all that design, and – let's not mince our words – all that money wrapped up in such small packages.

But take a look at the pages of the glossy magazines, at the images we should aspire to, and there is scarcely a jewel in sight. Necks are bare, ears unadorned, only on a finger can the glint of a jewel still be seen.

But real jewellery has not gone away – it's just adapted to changing times. There are still immensely grand pieces in posh jewellers' windows, but enter the daunting portals and you'll find trays of sleeker, more modern pieces that echo the current mood for unflashy luxury.

Emeralds, at their most modern, come rough cut and looped along a simple string. Handfuls of semi-precious stones – zircons, aquamarines, garnets, citrines – are bundled together to look artless, informal and decorative.

Whereas once a diamond necklace would have meant intricate settings and elaborate designs, today it is some fancy (brown) gems floating at intervals along a sleek gold wire.

Pearls or semi-precious stones are strung into ropes which can be knotted casually around the throat. Stones are mixed for decorative effect. As Theo Fennell puts it: "A growing awareness of other stones means jewellers can use stones other than the big four – diamonds, emeralds, rubies and sapphires – and this gives them a larger palette to work with."

Energetic ambitious young jewellers, mostly women, are putting together collections which they believe speak more directly to the needs of modern women. They know that what we need are pieces that we can put on for the school-run in the morning and wear right through until after a visit to the theatre or dinner with friends.

Their operations are usually small and their overheads not huge and if the size or colour or design is not to your fancy, they'll make something that is.

Young fashion editors about town are heading for Browns, or for à la Mode where Marie-Helène de Taillac's infinitely modern take on precious and semi-precious stones perfectly suits their pared-down Marc Jacobs or matted wool Narciso Rodriguez. She'll float a single pearl or diamond on the thinnest thread so it seems to float against the throat. Prices start at £250 for pearl drop ear-rings, £1,275 for a necklace.

Belinda Hadden and Amanda Nimmo have teamed up to produce equally ethereal and delicious necklaces. They float semi-precious stones on invisible thread, mixing pink and grey freshwater pearls, or pearls and stones such as white freshwater pearls and labradorite (all by mail order only at £95 plus £3.50 postage). Contact Heavenly Necklaces on 0171-736 3966.

Kiki McDonough has built her business on providing exactly the sort of pieces that women will buy for themselves: the chic little earrings of gold *and* silver (so useful, they can be worn with almost anything). She, too, has great ropes of amethysts or iolites which have the authentic nonchalant look that this season requires.

Cox & Power uses not only semi-precious stones, such as the very sophisticated lozenge-shaped tourmaline and platinum necklace sketched here (£3,250), but also wonderfully sinuous slivers of silver or gold to make their "wave" bangles or flat hinged hooped ear-rings.

Much originality, too, is to be found at Jess James in London's Soho where extraordinary rings of three colour gold form very attractive "wave" bands (from £350). He and the other designers whose work is on sale use stones in highly imaginative ways and there are some exceptionally attractive rings of gold with narrow enamelled bands and a single square-cut diamond (£920).

Susan Lennox works from home and so is able to offer some truly exceptional value. She uses pearls, semi-precious stones and old pieces of jade in an informal, yet highly decorative way. She floats grey Tahitian or South Sea pearls on a fine white or yellow gold chain (£1,500) while her great cluster of freshwater bubble pearls is made even more dramatic with its citrine centre clasp set in white gold – at £1,200 wonderful value. Three solitaire diamonds (0.25 of a carat each) floating on the thinnest fishing wire imaginable so that the thread seems to disappear are £600.

Finally, there is Louise Sinclair, who has developed a niche in providing the sort of wearable, pretty jewellery that almost every woman would love to have for those days when she wants to be flattered rather than to make a statement. Her South Sea pearl drops with aquamarines and diamond pavé set collar earrings (£3,600) would be the perfect accompaniment to a classic string of pearls and she has a host of the sort of earrings that a working woman would be thrilled to put on in the morning and wear right through the day. Look out, too, for a good selection of interesting – but not too experimental – rings at prices starting from about £1,200.

ADDRESSES:

■ *Browns, 23-27 South Molton Street, London W1Y 1DA. Tel: 0171 491 7833.*
■ *Cox & Power, 95 Walton Street, London SW3 2HP and at Liberty.*
■ *Kiki McDonough, 77c Walton Street, London SW3 2HT. Tel: 0171-581 1777 (mail order brochure).*
■ *Jess James, 3 Newburgh Street, Soho, London W1V 1LH. Tel: 0171-437 0199.*
■ *Susan Lennox jewellery from Robinson Valentine, Mill's Yard, Hugon Road, London SW6. Tel: 0171-736 4068 and from Catherine Grosvenor, 3 Elystan Street, London SW3. Tel: 0171-584 2112. For other information call Susan Lennox on 0171-584 2547 or her mobile 09736 38977.*
■ *Louise Sinclair, 160 Walton Street, London SW3 2JL. Tel: 0171-584 0606.*

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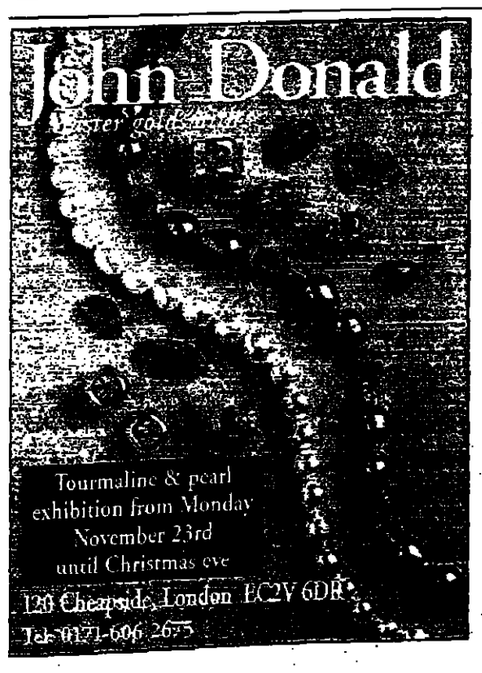
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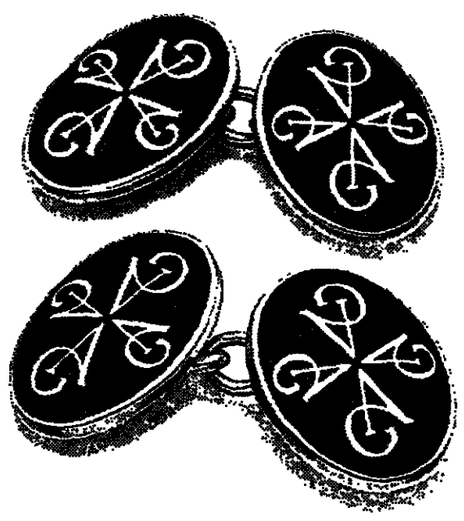
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Fashion

Designer links strengthen chain stores

Avril Groom reports that quality which is second to none can be found at everyday prices

Have you been seduced by designer labels in high street stores? Do you thrill to the promise of top-name quality at everyday prices? Or do you believe you only get what you pay for and prefer to buy designer clothes in a more personal environment?

Only a fashion Rip Van Winkle could be unaware of one of the British retailing success stories of the 1990s, a partnership between cash-rich multiples, hard-up young designers and eager customers in which everyone is a winner.

The stores benefit from fashion-literate customers who might otherwise never walk through their doors, the designers get a kick-start with public recognition and financial aid for their shows, thus further helping the process, and shoppers can enjoy designer labels they perhaps considered out of reach.

That is the theory. The practice has been more successful than stores or designers could have dreamt. As new designer/store links emerge, it is worth taking a critical look at these clothes to see if they have brought extra sophistication to the high street and if those who avoid them are missing out.

The answer on both counts is Yes, provided you accept that these ranges are sold in less luxurious conditions than you might wish. Do not expect personal service or tissue-wrapped packaging; just think of that inoffensive price tag. There is another virtue – these designers realise that, at the price levels within which chain-stores must work, less is definitely more. So, although details characteristic of each designer are an important selling tool, they are subtle enough not to give away your preferences.

British women have long been comfortable with the idea of popping a Marks and Spencer T-shirt under a designer suit, so adding a chain-store suit to a designer shirt is not too great a step. Maybe grey is not really your colour, but as it is so much part of this winter's look you would like a little without any serious outlay? Go for Owen Gaster's brilliantly tailored suits for BhS.

Not convinced that long A-line skirts are here to stay? Then try Clements Ribeiro's version for Dorothy Perkins, in light but cosy felted wool, with trendy unfinished edges and smooth flat-stitched seams, so unassuming and well-cut it gives no hint of its humble origins or cost.

You need a Christmas party dress but are unwilling to splash out for occasional wearing? Ben de Lisi's rich and slinky devoré velvet dress at Debenhams has the pizzazz without the price tag.

Quality on all these pieces is second to none – a fact that can surprise designers as much as the first-time customer. "I was used to pleading with fabric manufacturers to let me buy," says Joely Davis of Joelynian, who has just designed a spring swimwear range for BhS. "The BhS name produced a far better welcome even when we asked for expensive fabrics."

An executive at clothing retailer Arcadia says "well-established British designers are surprised when they see the power of the big multiples to buy the best fabric at good prices, even when quantities are not great, and to source high-quality manufacturing. However highly thought of they are, the designers are minnows by comparison."

It was this power that enabled chain-stores to start designer link-ups in the early 1990s, partly as a response to young designers' complaints about the difficulties of obtaining backing in Britain. In countries such as Italy manufacturers fulfil this role but more than half of the British womenswear market is held by the multiples which became under moral pressure to help out.

In 1992, Marks and Spencer started funding fashion shows for "New Generation" designers. There was no pay-back for the store – more established designers such as Tanya Sarne, Betty Jackson and Marion Foale acted as consultants to M&S suppliers but with no in-store acknowledgment. This year, in response to the competition, M&S has finally let it be known that New Generation designer Julien Macdonald is responsible for a small range of crochet-style knitwear, but his name is still nowhere to be seen.

In 1994, Debenhams (then part of the Burton group) introduced hats by Philip Treacy and casually glamorous evening wear from Ben de Lisi, but the big change was 1996's J range by Jasper Conran, who was already a consultant for the chain. With its own area, and quality that satisfied the designer's high standards and the store's budget, it was an overnight success and became a template for similar ventures. Since the launch of J. Conran's own-label business his design sense has grown in confidence and stature – his spring 1999 collection of pure, long shapes in subtle metallics or beading veiled in pale or smoky sheers was highly acclaimed.

> A wide range of talent makes the enterprise fertile ground for anyone with even a passing interest in style

Spearheaded by Arcadia, the concept has snowballed, with designers becoming more adventurous as stores push the limits in terms of both styling and price. Debenhams added high-drama tailoring from Pearce Fionda and bias-cut evening wear from Maria Grachvogel.

Principles has hit this season's sense of simple luxury head-on by hiring Amanda Wakeley, Britain's answer to Donna Karan. Dorothy Perkins snapped up highly-rated twosome Clements Ribeiro with their appropriately young and eclectic approach. BhS successfully stuck its neck out with two names initially barely known outside the industry – deceptively simple cutter Paul Frith and talented young tailor Owen Gaster.

Even teen favourite Top Shop has entered the fray with its TS Design range from an interesting trio – young clubber style Sherald Lamden of Seraph, It-girl favourite Tracey Boyd and acknowledged fashion intellect Hussein Chalayan.

This wide range of talent makes the whole enterprise fertile ground for anyone with even a passing interest in style. The stores are aiming to alter our perceptions of them and it would be churlish not to respond. For instance Top Shop, with Tracey Boyd's warm, soft fly-fronted grey wool coat with detachable plum fake fur collar, priced at £200, is plainly targeting a different customer from the usual schoolgirls and students (it claims a customer base aged from 12 to 35). The thirtysomething career woman to whom that well-made coat represents a designer bargain rather than a huge aspiration will benefit, if she can lay aside her prejudices about entering Top Shop's noisy caverns.

If you have qualms about BhS, go to the Premier Collection, which is how the Frith and Gaster pieces are flagged. Gaster's suits, with their trademark cerise lining, look straightforward enough in plain marled light grey or charcoal pinstripe, but the quality, fit and cut are all exceptional.

The latter is far more designer than chain-store – a long, full-skirted frock-coat style has curved back seams like a morning coat while the pinstriped jacket, matched to topically-wide slouchy trousers, is cleverly darted to create a diagonally-striped panel to emphasise the female shape. And all this for £90-£110.

The stores want to make sure the clothes reflect the designers' work while the designers only want their names on clothes worthy of them. All have very full involvement, from sketch to quality control on production. A perfectionist such as Hussein Chalayan is keen to work with Top Shop "because it lets me extend my range into market areas distinct in style from my main collection" but would never accept less than top-quality jersey for his simple dresses and separates.

Owen Gaster sent his own cutters to explain his complex techniques to BhS's manufacturers, while Amanda Wakeley's own workroom cuts her patterns for Principles and inspects at every stage of production. "I told them from the beginning that if I couldn't approve the quality I would walk out," she says.

Happily she has been delighted, though her collection illustrates both the strengths and pitfalls of designer links. It is the most luxurious and sophisticated range so far. But it is so popular that whenever new stock arrives it is rushed from box to rails and so may not appear at its best until you take it home and care for it.

A spin-off is that the designers' expectations have helped raise standards all across the high street, including chains with no direct designer links. Richards is the latest to decide to up its style and quality. "We do not feel we need a 'name' designer at present but we are very aware of our clients' fast-rising knowledge of and expectation from fashion," says marketing manager Jeni Clements.

"We have a specialist design team for each area – knitwear, tailoring and so on – and quality experts attached to each one." The results are a big improvement – some of the sleekest fake fur trims around, plus crochet or beaded dresses and simple tailoring up to designer standard.

Clements does not rule out designer links. Wakeley is on a three-year contract at Principles, Gaster's small range is being doubled by BhS for spring, Top Shop is about to sign two more designers and Debenhams has adopted the same idea for menswear (John Richmond and Ozwald Boateng) and home items. Arcadia's latest move takes a fresh direction – its new SU214 menswear chain has a small made-to-measure range by Savile Row tailor Richard James, entitled Suit. Using some of the same cloths as his bespoke range, prices are about £450, compared with his minimum of £1,400.

Any remaining stigma attached to chain-store shopping is fast evaporating. Most of us already half-recognise a designer provenance though we might not link it to the store name. Very soon we will and it will be seen as confirmation of our status as canny, thoughtful shoppers.

Clockwise from top left: Camel wool coat with fake fur collar, £120, by Paul Frith at BhS (tel 0171-262 3288). Grey wool flannel jacket with tab detail, £120, and long A-line skirt, £85. Both by Clements Ribeiro for Dorothy Perkins at selected stores (tel 0171-291 2706). Purple stripe devoré velvet bias-cut dress, £180, by Ben de Lisi at Debenhams (tel 0171-408 4444). Satin shoes with diamanté ankle strap, £210, by Patrick Cox, 129 Sloane Street, London SW1 (tel 0171-730 8886). Ivory alpaca coat, £285, and steel dress, £125, both by Amanda Wakeley at Principles (tel 0990 233343). "Mary Jane" shoes, £165, from Patrick Cox, as before. Red devoré velvet dress with fishtail hem, £180, by Maria Grachvogel at Debenhams. Satin "Tango" shoes, £235, by Christian Louboutin, 23 Motcomb Street, London SW1 (tel 0171-823 2234). Photographer: Vicky Jackman. Stylist: Nicola Goldie at Mandy Coakley. Make-up and hair: Britta D at Mandy Coakley

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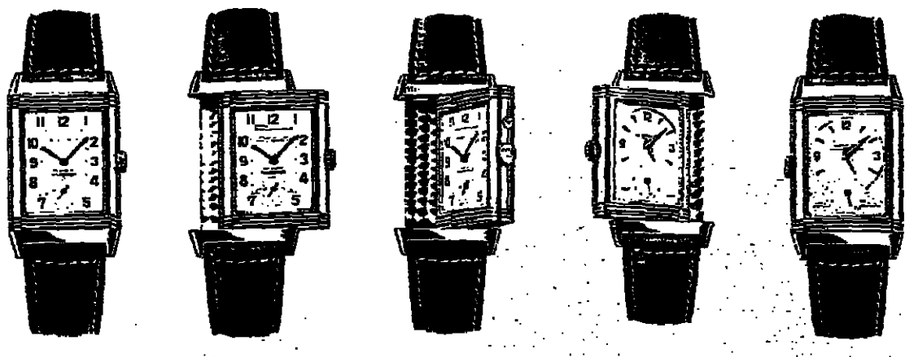

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Slow Food just gets bigger for the little people

Nicholas Lander samples a food and drink event in Turin which offers a blueprint for artisan producers

You have to be quick to grab a bite at the Slow Food Movement's gathering in Turin

Photographs: Francesca Berto/Montage: Philip Thompson

Carlo Petrini, the charismatic 49-year-old chairman of the Slow Food Movement, was short of two things after the recent pinnacle of his organisation's success, a four-day event in *il Salone del Gusto*, the Hall of Taste, in Turin earlier this month.

The first was sleep. This was perhaps not too surprising given that more than 70,000 enthusiasts had embraced the opportunity to taste the work of 300 artisanal producers; to sample more than 2,300 wines from around the world and to listen to some of the world's greatest chefs and wine makers.

The second was a precise name for what he and his colleagues at Slow Food have created. The fact that Slow Food is a non-profit making organisation, ruled out the usual terms such as show, fair or conference. Something new and exciting has been created and Petrini has two years, until November 2000 when it will again be held in Turin, to find the right title.

The Slow Food Movement sprang out of aesthetic, ultimately successful, opposition to the opening of a McDonald's in Rome's magnificent Piazza Navona in the mid-1980s. Although opposing fast food in all its manifestations remains a priority, once Slow Food became a formal organisation in 1986 its leaders realised that, because it would never have the financial muscle to confront the fast food giants, it must move more skilfully.

Since then it has developed a highly visible merchandising arm based on its obvious icon, the snail; a publishing side which produces guides to wine, traditional restaurants, the food and cooking of individual regions, treatises on cheese, vinegar and cured meats and the importance of genetic bio-diversity and, most important, grassroots organisations around the world with a membership of more than 70,000 in 35 countries.

But for Petrini, the Slow Food movement has to exist to protect and to educate. "Taste is the highest expression of a nation," he explained, "yet in the history of mankind we have never spent so little time or money as a percentage of our income on food as we do today. We must preserve the umbilical cord between the farmer, the producer and the consumer and make today's young aware that good food comes from the land, not an industrial zone."

Slow Food initially secured the backing of the Piedmontese regional authority, the Parmesan cheese consortium, the Lavazza coffee company, which gave away 75,000 espressos during the fair, and Fidenza, which produces restaurant wear. Exhibitors paid a mere £200 for a stand, and visitors £6 for a day ticket.

The stands were occupied by farmers and producers rather than multinationals, agents or distributors. Perhaps because of that, they had an intimate, almost homely feel. Most were adorned either with photographs of their region or black and white photographs of how their farms used to look. One enterprising farmer hung scores of home cured salamis from an ancient ladder suspended horizontally from ropes. Behind one Parmesan stand more than 100 wheels of cheese, each a metre across, were stacked.

It would have been possible to spend all day in the market tasting and buying cheeses, breads, salamis studded with truffles at £10 each, olives, olive oil and amusing foods such as those on the stand of Pasticceria del Capitano Rosso which makes sausages, bars of soap and even coffee pots out of excellent chocolate.

There were also special tasting halls for cheese, salami and wine where you could try different combinations of food and be served a generous sample of the 2,300 wines on offer.

Taking place throughout the four days were a succession of heavily oversubscribed workshops attended by some 30,000 people. These provided not only a unique opportunity to learn but, crucially, covered the *salone's* organisational costs. For tickets ranging from £10 to £30 you could sit, taste and listen to world experts such as Paul Pontallier from Château Margaux in France or Didier Lopez, from Barcelona, who prepared his special tapas, and, best of all, you could eat or drink what was on offer.

> The most obvious omission was the absence of any British food or producers

On the final day there were workshops for more than 400 schoolchildren. Petrini wryly observed that keeping 30,000 talkative Italians quiet during these workshops was perhaps the *salone's* greatest achievement.

What was also notable, in this era of the "superchef", was the presence of so many stars who showed a complete absence of ego. There were big names aplenty – chefs Alain Senderens from Lucas Carton, Paris, Stephanie Alexander from Australia and Spain's Fernan Adria, winemakers Jacques Perrin and Gerald Chave from the Rhône and Tim Mondavi from California – but no individual book signings or celebrity gatherings. These stars were there not for themselves but to promote Slow Food.

They were able to do so without any silly behaviour or drunkenness among the visitors. The fact that so much good food was readily available – and that Italy is so blessed with products which are comfortably eaten standing with a glass of wine – were important factors. Equally important, too, is the Mediterranean tradition of only drinking wine with food.

The most obvious omission from the *salone* was the absence of any British food or producers. The UK Ministry of Agriculture, Fisheries and Food and Food from Britain declined to participate and Britain was represented only by individual experts in the shape of wine writers Hugh Johnson, the FT's Jancis Robinson, (who also happens to be my wife), beer writer Michael Jackson and cheese expert Juliet Harbutt.

Harbutt's examples of British farmhouse cheeses was rapturously received. Even at the dinner that was organised, when there were stands of food from almost all over the world, Britain was conspicuous by its absence.

Petrini is adamant that the *salone*, or whatever it is retitled, will be a biannual event in Italy, but that it is a blueprint for the future, anywhere.

He added: "Our German association is planning something similar in Lubeck next April followed by Switzerland and Austria.

"We have proved that if you give people, particularly the young, the chance to see and to taste proper artisanal food they want more of it. Slow Food has a great future."

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■ *For British membership contact Wendy Fogarty: tel/fax: 0181-744 9297.*

Smell, slurp…and burp

Nicholas Woodsworth gets to the bottom of a good soup

Brittany has its lobsters and mussels. In the south-west, *confit* is king. In Alsace, the pig is paramount. In Bresse, cocks crow the merits of local chickens from the top of barnyard dung-piles. In the bright constellation of French provincial cooking, every region, it seems, has its furred, feathered or finned star.

Every region, that is, except Provence. Its own unassuming contribution is the humble garden vegetable.

But when it comes to rich and flavourful cuisine, do Provençal cooks feel like poor relations? Do they trudge about their marketplaces hanging their heads? Not for a moment. As anyone who has strolled the streets of Apt, Cavaillon, Carpentras or a dozen other Provencal market-towns knows, there is no shame in fresh produce.

I defy anyone to walk through the Tuesday morning market in Vaison-la-Romaine, my own favourite country market, and not come out with baskets laden and spirits rejuvenated. Vegetables dull, you say? I have only to look at a pile of gleaming, purple-black aubergines or smell a pungent bunch of tomatoes to recall wonderful summer meals. Their fresh flavours are more than a match for the richest of regional cuisines.

But we all draw the line somewhere. My own line is soups. Not long ago I made a tour through the Vaison market and, to my surprise, emerged with a rather skimpy basket. It was earlier this month, a cold, blustery day with the Mistral buffeting the stalls and the market vendors wrapped to the eyes in pullovers and scarves.

Where were the vast piles of bright sweet peppers, the string beans, the tomatoes, the *mangetouts*? Most of my favourite local summer produce had disappeared. In their place were winter vegetables and root crops – onions and potatoes, beets and squashes, pumpkins, cabbages, carrots and leeks.

"Allez, Monsieur, allez!", shouted a market trader standing behind mounds of onions. She looked chilled. "These are especially good for soup," she encouraged me, indicating the straw-coloured variety known as *oignon paille*.

I moved quickly on, but it was the same story at the next stand. "*Ca fait une tres bonne soupe*," said a man as he thumped a bright orange pumpkin.

Now, I can appreciate, in theory at least, the comforting quality of soup. But in my youth I was put off soup – all soup, any soup – by a boarding-school cook. Do not ask me what kind of soups he fuelled us with on cold winter days – so sour, thin and foul were they that they defied analysis. Suffice it to add that, over the years, the genius of Provençal cooking had done nothing to weaken my resistance.

It was with some trepidation, then, that a few days later I found myself caught up in a contest of a most threatening kind – the Vaison Country Soup Festival.

A popular annual event, like everything that has to do with food in France, it is propelled by a certain amount of ceremony, high purpose and style.

Presided over by the *Confrérie des Louchiers*, or soup-ladlers, the contest is a veritable marathon. Over 12 nights, 12 small villages in the countryside surrounding Vaison each presents soups made by their best cooks.

> 'I had been asked, at the last minute, to join the jury as a taster'

After judicious sniffing, sipping and pontificating, a jury announces a winner and the tasting is then opened to the assembled public. The finalists go on to a grand finale held in Vaison where the overall victor, hung about the neck with a ceremonial soup-ladle, is invested as an honorary member in the *confrérie*. He or she is then whisked off for a week's holiday to one of France's great gastronomic regions, with all restaurant costs covered.

In this year's contest, 148 soups were entered. My mind reeled as I made my way to the Café de la Poste in my own village of Puymeras. There 12 of these soups, maternally swaddled by their makers in blankets and comforters against the cold, sat steaming in vast tureens.

In other years I had been absent during the soup festival. As a present-and-accounted-for village member of good standing, I felt compelled to show some spirit. What is more, as the sole member of Puymeras' foreign press corps, I had been asked, at the last minute, to join the jury as an honorary taster. There was no ducking out.

"Stir the soups! They must be kept stirred!" enjoined the mayor in final instructions as the bar-room was cleared, the doors were locked, and the jury members, one from each village, prepared spoons and bowls. The honour of the community was at stake.

Steeling myself, I threw a glance at the soup tureens nearest me. They did not look like the grey, dishwatery soups of my youth – instead, thick and substantial, they were the rich colours of autumn itself · muted orange, russet, greeny-gold, bright yellow. And the odours that rose from them, I had to admit, were subtle and mysterious, full of intriguing promise.

I filled a cup and plunged my spoon into a smooth, mango-coloured purée. What was in there? Pumpkin, certainly, but what else? Cream? Nutmeg? A touch of bay leaf? It was light and lively. It was fortifying. It was delicious.

The next soup I tasted was thinner, more subtle, tawny in colour, and came with a slice of toasted wholewheat bread. Courgette, I suspected. Indentifying the constituent elements of soup was not my forte. But it, too, was delicious.

On I went, more and more eagerly. Each soup tasted better then the last. There were simple soups of little more than leeks and potatoes, complex soups incorporating whole slews of vegetables. I tried a squash soup thick with lentils and delicately perfumed with parsley. I sampled a dried-bean soup richly ornamented with garlic and cumin.

By the time the jury, after much deliberation and retasting, declared a winner – a pale-green *crème de brocoli au persil* – my taste-buds were in confusion. As the mayor made a speech of congratulation and the doors of the café were stormed by a ravenous public, I had to re-evaluate my position.

After years of admiring the cooks of Provence for their genius in creating lovely summer dishes, I finally had to admit that they did just as fine a job making winter soups as well. In a now-crowded café I chatted to villagers as they argued volubly over this tureen and that. Soup, they convinced me, is a good thing. It is filling, inexpensive, adaptable and – given the right *savoir-faire* – wonderfully tasty.

I left the Café de la Poste for home full of enthusiasm. After 12 bowls I was not about to begin a *souper* in my own kitchen that evening. Nor, even, the following evening. In spite of tight security by apron-draped members of the *Confrérie des Louchiers*, there were rumours of an unbelievably good chestnut soup the next evening in the village down the road. It was not to be missed.

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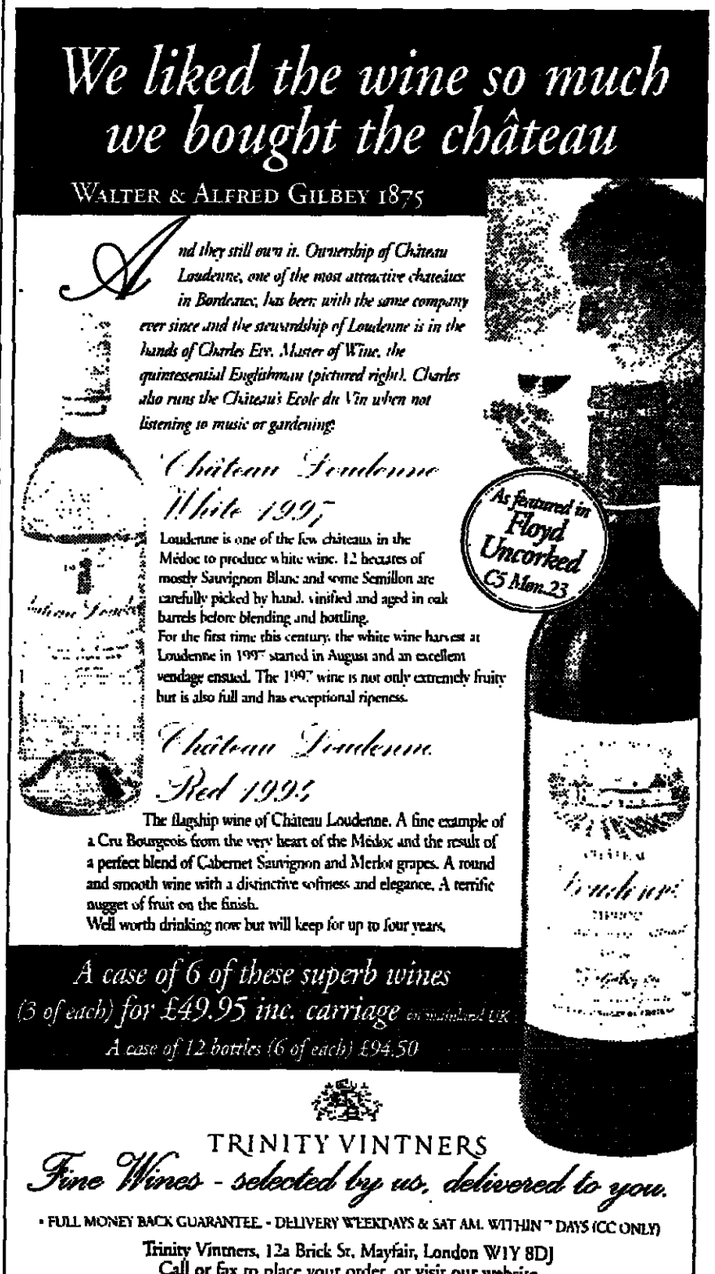


Cooking for Santa

Whale of a time at Christmas lunch

Kevin Pilley meets chef Ole Helmer, who's sitting on top of the world

Ole Helmer is at the top of his profession at the top of the world. He is the top chef on the world's largest island (not counting Australia). In fact, until recently he was the only chef in Greenland.

Twenty-eight-year-old Helmer, who studied catering at the Den Rose Okse in Esbjerg before military duty in the Royal Danish Navy, has been head chef for the past four years at the Hotel Hans Egede, in Nuuk, the capital of Greenland.

One of his duties is to cook Father Christmas his traditional Christmas Day lunch. Two years ago he had to cook for 20 Santas who attended the first Santa Summit and Inaugural Santa Games. He also has to cook for the staff of Santa's Workshop and Post Office.

"One of my tasks is to prepare banquets and party buffets for functions held at the Café Rudolph. We get a lot of visitors to Santa's official home. It is where all the letters addressed to Santa Claus from around the world end up and are answered. The man who used to be in charge was British. He liked a traditional turkey with all the trimmings. The locals prefer roast whale with stuffing."

Having been a chef in Copenhagen, Ole wanted something different – so he headed for the tundra. "The kitchen is the best place to work in Greenland. You are always warm and you are never too hot. It can get 30°C below outside. Our customers often arrive by snowmobile." Nuuk, in the south-west of Greenland, on the mouth of the Godthab Fjord, has 13,000 inhabitants. Greenland as a whole attracts about 8,000 tourists a year. The Hotel Hans Egede opened in 1987 and was named after the missionary founder of Nuuk. It is the only hotel in a town which has one traffic light and one roundabout. There are now three other restaurants, including the world's most northerly Thai restaurant, the Chareon Porn (Big Elephant), which is run by a Dane and his Thai wife.

Ole's menu is based on local fresh produce. His specialities include soufflé of scallops, fillet of reindeer and whale meat. "In such a remote place guests are open to trying something like *mattak*, raw whale skin which tastes like avocado. Whale steak is very popular. Everyone wants to try it no matter how environmentally friendly they pretend to be. It is the ethnic dish.

"It tastes like liver and has its texture. I cook dark and white meat served with boiled potatoes, grilled onion and a coriander gravy." The reindeer is served with squash or courgette, mushrooms, parsley and cranberry sauce. The scallops come with a combined almond and white wine sauce and a lobster glaze. "Obviously, we are well off for fish here – halibut, cod, rose fish [Norwegian haddock] and even porpoise." Salmon comes from the Davis Straits. "I buy fresh from the quayside. My catch of the day could be wolf-fish, grenadier, ray, arctic char, narwhal, deep water prawns, ballan wrasse [sea salmon] or sand dab," says Helmer.

> Corned Greenland lamb with horseradish will set you back £17

Prices are high since most vegetables and fruit have to be imported from Canada and Denmark – although some turnips are grown locally, weather permitting. Main courses include grilled trout with creamed fish sauce and peppers, squid, braised guinea fowl in champagne sauce, T-bone steak with fried potatoes and a sauté of beans and pimento, and tournedos of musk ox with pasta and parsely gravy. Corned Greenlandic lamb with horseradish will set you back £17.

The wine list is dear too. A bottle of Vouvray costs about £30, Mumm Cordon Rouge in the region of £58 and a beer costs roughly £4 a bottle.

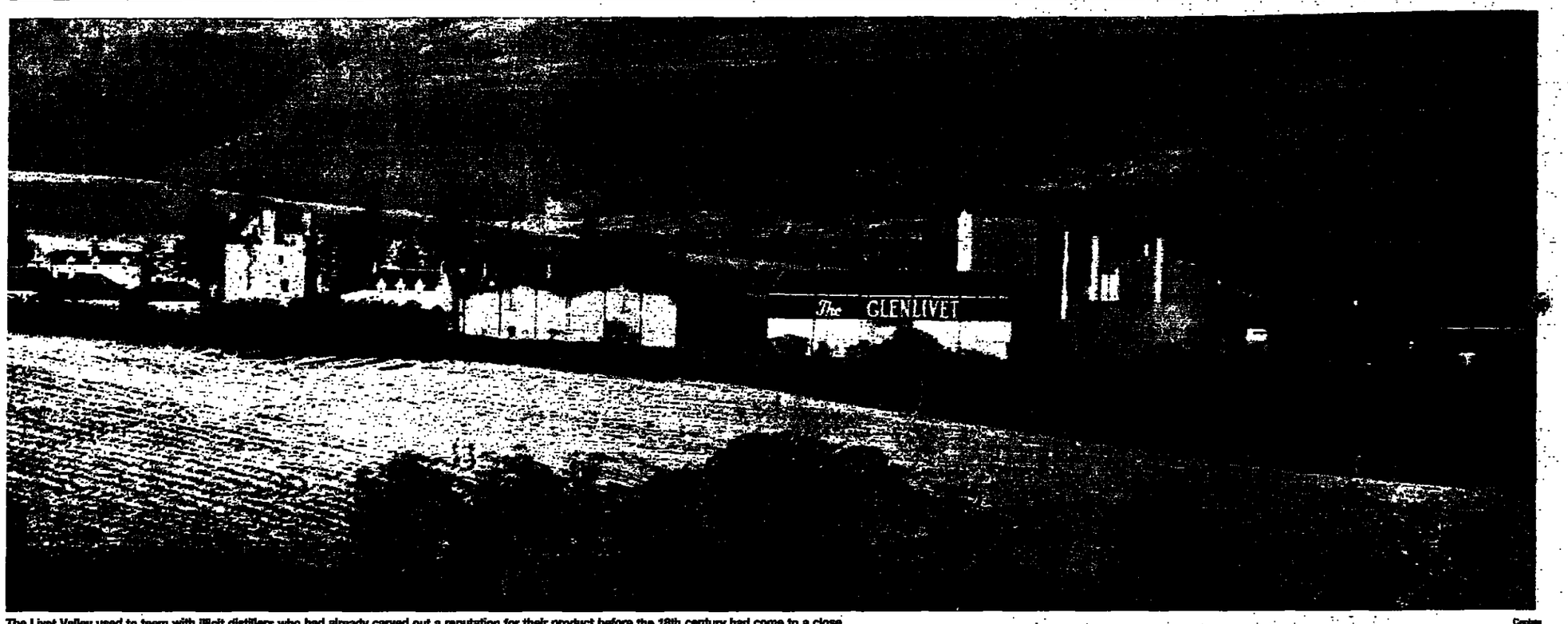
However, more chefs are beginning to be attracted to Greenland from Denmark, both by the high salaries and the local ingredients. Kim Hansen and Kasper Lindberg are the chefs at the Hotel Arctic in Ilulissat, which is two hours north of Nuuk – and the last restaurant before the North Pole. No particular cuisine or cooking style is allowed to dominate their menu. The hotel has become a popular away-from-it-all conference venue.

Says Hansen: "The ingredients and specialities are of course local but the way we cook them is inspired by a variety of cuisines. Everything is organic – fish from the sea, birds from the air and animals from the land." Specialities include saddle of reindeer, *pommes arctiques*, and port wine sauce with truffles and little auks. Arctic chefs also use a lot of indigenous herbs and berries such as lousewort, cowberry (mountain cranberry), mountain sorrel, scotch thyme and sea purslane.

Says Helmer: "There is a lot of latitude for invention in these latitudes. Greenland's *nouvelle cuisine* is 4,000 years old. You can drink a 12-year-old malt whisky with 12,000-year-old ice cubes."

Was he joking?

He says: "Food is taken very seriously. Food gets priority over people on aircraft. You can lose your seat to some eggs quite easily. People need good food to function properly. Father Christmas couldn't cope on an empty stomach."



The Livet Valley used to teem with illicit distillers who had already carved out a reputation for their product before the 18th century had come to a close

Corbis

Whisky

The genuine article

Giles MacDonogh ponders the reasons for The Glenlivet's pre-eminence

There are a lot of malt whiskies around which sport definite articles these days, giving themselves airs and high-sounding titles like "The MacTavish – 12 Years Old". On the other hand there is only one brew where the article is justified by tradition, and that is *The* Glenlivet.

It was not always so. The Livet Valley used to teem with illicit distillers who had already carved out a reputation for their product before the 18th century had come to a close.

The barley of Upper Banffshire was difficult to sell, and smallholders found it hard to compete with farmers from the fertile Scottish Lowlands. It was much easier to distill it. Long before small-scale distillation was legalised in 1823, smoke billowed out of the caves, burns and bothies of the valley: evidence of a thriving local industry.

The whisky they made was good. In 1822, a quarter of a century before the German Prince Albert gave the nod to the cult of all things Scottish – the Highlands reminded him of Thuringian Gotha – King George IV arrived in Edinburgh wearing full Highland rig, and surprised his hosts by asking for The Glenlivet whisky. Its reputation had already travelled as far south as London, Windsor and Brighton.

Several reasons have been suggested for The Glenlivet's pre-eminence: the austere climate and high altitude of the valley; or the quality of the water in the burns. Possibly what made the malt so good was not so much the natural position, but the general lawlessness of the place.

No one, it seems, took much notice of the excisemen, and that meant the distillers could carry on their work in an unhurried way, making sure that the stuff was properly made and free from the taints that would have been abundant in the other forms of moonshine on the market.

One of the advantages possessed of The Glenlivet men was their local magnate, the Duke of Gordon. He encouraged distilling in general, and George Smith in particular. It was Smith who founded the distillery we know today, taking up one of the new, cheap licences advocated by the duke in the House of Lords in 1824.

That distillery was at Upper Drumin. Not much is left of it now, just a cairn of stones and a deserted house which may have been the home of the manager. In 1859 he moved a few hundred yards farther down the valley to the less exposed spot of Minmore. Anyone who has visited The Glenlivet outside the summer season, and hopped from foot to foot to keep warm, would soon understand why.

George Smith appears to have been a remarkable man. He was much hated by the amateur distillers, for the good reason that he ultimately put them out of business. He prudently travelled the land with a brace of pistols in his belt, while excisemen accompanied by soldiers gradually cleared the valley of competition.

Smith never bottled his own whisky. Some of it went into Ushers' Old Vatted Glenlivet. Imitations were not slow in coming. One of John "Johnnie" Walker of Kilmarnock's first blends was named "Glenlivat" (sic). In 1865 the Duke of Richmond and Gordon was called in to attest to the fact that Smith was the "only" distiller left in the valley.

As so many people wanted to market their whisky as The Glenlivet, a court case ensued. Smith's heirs eventually allowed 10 other distilleries to attach the word "Glenlivet" to their names, even if they were to be found as far away as Dufftown, Aberlour or Craigellachie. Smith's was the only one allowed to use it pure and simple of itself. It was the definite article.

The Glenlivet was the first "malt" whisky to enjoy a widespread reputation across the Atlantic. Since 1978 it has been owned by the Canadian giant, Seagram, who have been successful with their classic, heathery 12-year-old, and more concentrated 18-year-old malts. Since then, they have extended the range to include a rather richer 15-year-old "Archive", which is imbued with a little more sherry character from the cask.

A new departure, however, is a series of vintage whiskies bottled at cask strength, and without the customary chill-filtering which can rob malt whisky of some of its taste. I tasted these up at the distillery in October. The Glenlivet is anxious to make it clear that whisky does not have good and bad vintages in the same way as wine. According to them, the only difference between one barley and another is yield. Yet, there are considerable variations between one cask and another, and this is highlighted by the selection.

The 1972, for example, has something of that elderflower scent which is present in the best Glenlivets; while both the 1970 and the 1969 were dominated by the sherry butts which nurtured them.

I preferred the 1968, which had a lovely smoky complexity, and the 1967, where that elderflower scent had matured into something richer, like the smell of cooked gooseberries.

■ *Information: a pack containing a 20 cl bottle of all five vintages is available from Oddbins and specialist shops in a smart box for £169. The 1969 and 1970 vintages are also available in 70cl bottles, priced £95 and £89 respectively.*

■ *You can win a £95 bottle of The Glenlivet '69 simply by dropping a line with your name and address to: FT Glenlivet draw, Eagle House, 58 Blythe Road, London W14 OHA. The first card drawn out of a hat and mentioning this FT story gets the bottle. No purchase is necessary.*

Appetisers

FT offer from the smokehouse

First, a food offer, from the cold waters off Skye and the moors of northern Scotland, just for FT readers.

The first item is 2lb of the finest farmed smoked salmon – in a recent blind tasting it was mistaken for wild – prepared, sliced and interleaved by Dunkeld Smoked Salmon, a small smokehouse on the banks of the River Tay which has a clientele from Scotland to Tokyo.

The second is a brace of smoked wild grouse which could make a distinctive first course for up to 12 people. This has been prepared by Rannoch Smokery, on the shore of Loch Rannoch, Perthshire. Slice the breasts and they are ready to serve.

Goods and serving instructions will be packed in an insulated polystyrene box with dry ice inside a protective cardboard outer.

The price is £39.50 for UK mainland addresses by 24-hour tracking service; £54.50 to European Union member states on continental mainland Europe by 48-hour tracked delivery.

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■ London's second Fine Wine Encounter is being held at the Landmark Hotel next weekend. Organised by the British magazine *Decanter*, it bears more than a passing resemblance to the New York Wine Experience organised by rival American magazine *Wine Spectator*. More than 80 producers, many of them world-famous, will pour and answer questions from the most assiduous wine bore. Advance tickets are available on 0181-774 0616 and cost £25 for one day, £45 for both.

Jancis Robinson

■ Fine examples of Viognier made outside the grape's homeland, Condrieu in the Rhône, are thin on the ground. California can field the likes of Calera, Phelps and, quite creditably, Fetzer's most recent vintage. Lea & Sandeman of London SW10, W8 and SW13 have a couple of Italian examples which are superbly made.

The most convincing New World Condrieu to have come my way recently comes from Fairview in South Africa. The first, 1996 vintage from these imported vines is well worth seeking out from Oddbins Fine Wine at £7.49. It has real apricot scent and exuberant concentration. Total production was just 800 bottles. *JR*

■ It is Rhône time, time to warm the cockles with the seriously sturdy red made in that southern French valley. Two of the supermarkets' most characterful current offerings come from the vineyards around Hermitage. The top 85 Tesco stores should stock the impressive, classical 1994 Cornas from the well-respected Tain-l'Hermitage at £8.99 which could be drunk with pleasure over the next five years.

Safeway's sumptuous Crozes Hermitage 1997, from Pochon under the name Domaine Barret, for £6.99 may not last as long but is utterly seductive now. *JR*

Oysters with soured cream and red wine vinaigrette. One of the treats in the beautifully photographed 'Blanc Vite, Fast Fresh Food from Raymond Blanc' published this month by Headline at £30. The book's too big for a Christmas stocking, so try a pillowcase

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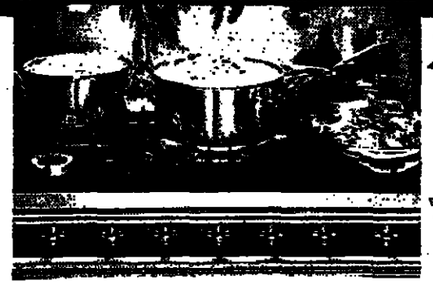

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Cookery

Good for the goose, and carver

Planning ahead can make what seems a complicated meal an easy one to serve, says Philippa Davenport

Last week I sang the cook's Christmas lament and suggested a recipe for small festive birds: there is no need to get up at crack of dawn to put them in the oven.

This week the plight of the carver has been brought to my attention. Too much of the Christmas holiday is spent wielding sharpening steels, plunging blades into hams, haunches and poultry.

Trying to prise enough meat from breasts, legs and wings can cause angst, particularly to carvers thoughtful enough to want to give everyone a slice of the cut he or she likes best.

Then there is the problem of getting the carved meat to table before it congeals. Sod's law seems to decree that as soon as the carver sits down to eat a few choice fragments, some of the party begin to whisper about second helpings.

Last week's recipe for quail was a carver's dream. No need to be on duty at all, as birds so small can be tackled direct by diners with a mixture of table cutlery and fingers.

This week's recipe is for goose, to satisfy families who prefer a larger, more traditional festive bird and find reassurance in the sight of the head of the household cutting and offering portions to those gathered round the table. This recipe is, however, almost as kind to the carver as were the quail.

Goose is a richly delicious bird but the meat on it is not designed to feed an extended family or large gathering. The traditional farmhouse solution was to roast goose with a rabbit or two slipped into the body cavity.

This ploy not only served to eke out the goose but it lubricated the lean and humble rabbit, allowing it to absorb some of the bird's luscious flavour as it cooked. The outcome on farms was, unsurprisingly, that the men got more goose while maiden aunts and children were given the rabbit, a practice too politically incorrect to countenance today.

In my version, the ingredients are stuffed and wrapped, Russian doll fashion, in a boneless parcel. Boning out makes room for more rabbit and more stuffing. It is a gift for the carver, who will be able to slice through the bird in record time.

It is democratically pleasing, allowing everyone around the table to get a fair share. And it is luscious eating, delicious served hot, although the stuffing tends to crumble and fall untidily from the slices, and excellent cold when it seems impossible not to carve it impeccably.

The workload the carver is spared has to fall somewhere, of course. That it falls on cook's shoulders comes as no surprise to many of us, but it is not as bad as it sounds. Boning out a goose sounds ghastly. In practice, the bigger the bird, the easier it is to bone. Goose is about as easy as you can get, but it does take time, so allow yourself plenty.

I suggest preparing the goose a couple of days ahead. The rabbits can be prepared then, too. But it is best to delay packing the parcel and stitching it up securely until Christmas Eve.

As for the cooking, think in terms of three hours. It will need slightly less but basting and turning the bird always adds on a little.

When it is done, let the cooked bird rest for 30 minutes, and give yourself a rest too, before letting the carver loose – and waiting for someone to propose a toast to the cook.

Not just at Christmas: a wall painting from the tomb of Nakht, a scribe under the Pharaoh Tuthmosis IV, the 18th dynasty, shows slaves plucking geese. AKG Photo/Eric Lessing

Roast goose with rabbit, lemon and parsley stuffing

This recipe will serve 12 people

A plump fresh goose with an oven-ready weight of about 4.25 kg (not less than 4kg and not more than 4.5kg)
3 wild rabbits or 1 plump farmed rabbit (to yield 1.2 kg filleted meat)
the finely grated zest of 4 lemons plus 4 tablespoons lemon juice
80g chopped flat leaf parsley
1 tablespoon chopped fresh thyme leaves
350g fresh breadcrumbs
80g butter

Remove the fat from inside the tail end of the bird and render it down. Cut off the legs at the knuckle end of the drumsticks and cut off the wing pinions.

Lay the bird on its breast and cut through the skin and the flesh to the backbone from the parson's nose to the neck. Then cut and scrape the flesh from the carcass with a small, sharp knife held close to the bone.

Free the fleshy "oysters" carefully and work down each side of the bird, exposing the rib cage. When you get to the tip of the breast, cut through the cartilage. Cut through the wings where they join the carcass then pare the flesh free from the wing bones, working from the carcass towards the tips.

Free the leg meat in similar fashion, first cutting through the socket joints that attach the legs to the carcass, then scrape the meat clean from the thigh bones and drumsticks.

Strip the meat from the rabbit bones, keeping the chunks as large as possible. Weigh out the required amount for this recipe. Any extra can be poached and potted, or stir-fried and used to garnish lentil soup, pasta or a salad. Use the rabbit and goose bones, giblets, neck and other trimmings to make a rich stock that can be served as gravy.

To make the stuffing, first warm the butter with an equal weight of melted goose fat in a largish pan. Away from the heat, add the lemon juice and zest, chopped herbs and breadcrumbs. Season generously and leave to become cold.

To assemble the parcel, lay the boned-out goose flesh side up on the work surface. Spread half the stuffing over the central breast area of the flesh. Put the rabbit fillets on top, seasoning them generously, and sprinkle the rest of the stuffing over and around the rabbit to fill the gaps and make an even mound.

Bring up the sides of the bird over the filling, as though wrapping a parcel. Aim for a plump pillow, but one that is not too tightly packed as the stuffing will swell during roasting.

Using fine string, firm stitches and a good overlap, sew the bird up from neck to tail end. Then sew it across the vent and at the neck. Push the leg and wing flesh into the body, like pockets, and sew down the folds.

Finally, check the skin for any nicks and tears and patch them tidily. Then weigh the stuffed bird so you can calculate cooking time.

The goose is now ready to roast or it can be covered loosely and stored in a cold larder or fridge overnight – but be sure to bring it back to normal room temperature 2 hours or so before you plan to begin cooking it.

Rub the skin of the goose all over with salt and pepper immediately before roasting. Lay the bird, breast down, on a rack in a roasting pan and drape it with a double thickness of butter-muslin soaked in melted goose fat. Roast at 220°C (425°F) gas mark 7 for 15 minutes, then at 180°C (350°F) gas mark 4 for 1 hour 20 minutes to 1 hour 30 minutes depending on whether the weight of the stuffed bird was a little under or over 4.5 kg.

Check periodically that the butter-muslin is moist, and pour off the surplus fat from the tin (saving it for later treats, of course).

Turn the bird breast up and continue roasting, still at 180°C (350°F) gas mark 4 and still cloaked in fat-soaked butter-muslin, for 45 minutes. Then remove the butter-muslin drapes and pour off all the fat that has collected in the roasting pan.

Turn the temperature up to 220°C (425°F) gas mark 7 and fast-roast for 15 minutes to crisp the breast skin a little.

If the goose is to be served hot, let it rest for 30 minutes before carving.

Floury potatoes, clear gravy, fried dessert apples and mildly spiced red cabbage make good accompaniments.

Pubs

Market forces brew up a ferment

Peter Millar mourns the passing of a family firm in Oxfordshire

In The Brewery Gate, formerly The Marlborough Arms, tucked away by the castle ruins in Oxford's most ancient and least visited corner, the barman is checking the clarity of a sample glass of bitter.

"New barrel," he explains. "Mind you, it'll be one of the last, too."

After more than two centuries, Morrells, the last surviving brewery in a city where once every college brewed its own ale, is ceasing production this month, the victim, according to its executioners, of market forces.

Upstairs in offices in the red-brick Victorian building, Paul Beadle, newly-appointed chief executive of Morrells of Oxford, the company formed to run the 148 pubs following the sale last month of the brewery, has an undertaker's attitude towards its death.

"It's sad. Of course it is." Pressed, he will even admit that the loss of Morrells ales is a "tragedy" for traditional brewing, nowadays one of the most fragile elements in England's heritage.

"But it's market forces," he insists. "Market forces," are Beadle's mantra.

In his eyes, the brewery site, a rare piece of prime real estate in central Oxford, is ripe for redevelopment. He is delighted to have received a letter from English Heritage informing him that the buildings will not be listed.

When I suggest that Whitbread, one of the ogres of the brewing industry so far as most real ale fans are concerned, behaved better by allowing a management buy-out of the Castle Eden brewery last month, he is dismissive.

The Castle Eden deal won praise even from Camra (the Campaign for Real Ale) which expressed the hope that Michael Cannon, the American businessman who is chief shareholder in the new Morrells company, would follow suit.

Beadle in his striped shirt and flowery tie smiles: "I'm not here to please Camra. I'm in here to show a return." From a purely business point of view, he is probably right. If Morrells raises a moral dilemma, it is not one that causes Beadle much angst.

He vehemently denies the charge of asset-stripping, stressing the new company's commitments to the pubs, side-stepping the suggestion that the brewery itself is an asset he is eager to strip. With an expression of regret Beadle blames it all on the Beer Orders. Correctly.

Lord Young's woefully misconstrued attempt to reduce the giant brewers' dominance of the British market by limiting the number of pubs they could own instituted an unprecedented separation of brewing and retail operations.

The result has been that the "big boys" – Scottish Courage, Bass, Whitbread and Allied-Domecq – can offer the new "pub chains" volume discounts. They thereby undercut the smaller, traditional brewers with their chain of tied houses.

Beadle smiles ruefully as he prophesies a bleak future: "I can see a number of smaller brewers going the same way," with a gesture

indicating "down the plughole."

Pressed to name names, he suggest I look no further than Devizes, the Wiltshire base of Wadworths, a brewer most English beer-lovers would have considered an exemplary survivor.

Indeed, the only gratifying thing about the Beadle attitude is that it ain't necessarily so. While a worrying number of traditional British brewers are bought up and closed down by their larger rivals every year, new start-ups can still be successful.

One of the prime examples is the Black Sheep brewery in Masham, Yorkshire, run by Paul Theakston, scion of one of the county's most famous brewing families. When Scottish Courage bought up Theakston's and transferred most of the brewing business to its vast Tyneside plant, Paul was dismissed.

Banned by the takeover terms from using the family name, he bought the maltings next door to the old brewery, scoured the country for original equipment and set up Black Sheep "of the family", which has proved a cult success.

Discerning ale drinkers now seek out Paul's beers, where the Theakston name is evident only in his signature on a corner of the bottle label. In north Oxfordshire, the Hook Norton brewery, much smaller than Morrells and operating out of premises little changed in a century, celebrates its 150th birthday next year, is still run by the founder's family.

Until last month, the Morrells pedigree was even older. The family was one of the few survivors of the original 18th century "beerage".

On the wall in The Brewery Gate hangs a photograph of the clan in their late Victorian prime: all taffeta and crinolines, wing collars and stiff upper lips.

The decision to close the brewery met with resistance, according to Beadle, from "a small pocket of the family. But they were the ones that were running it. The rest realised that the business was making a loss and we offered them the cleanest way out". The new Morrells, he says, is out to make a profit. What shall it profit a man...I muse, but decide to save my breath.

Most of the Morrells pubs, he insists, are in for big investment. Apart from The Brewery Gate next door, all are in the hands of tenants. That will change, although he denies plans to put in managers throughout.

"I believe there is a third way: a sort of franchising deal. In the end what we want is bloody good pubs." Which sounds great, except that with a vocabulary dominated by phrases such as "modern day retail operation", "focus on major brands" and "proven food operation", Beadle's marketing speak overrides every other utterance.

Morrells pubs will continue to sell Morrells ales, but they will be brewed elsewhere, to the same recipe. But then any ale drinker knows that recipes alone do not really work, that beers brewed with different water in different vessels are, in the end – as Paul Theakston proved – different beers.

The workforce is resigned – even those who are staying. Head brewer Dave Polden, a genial big man with a shock of white hair who has worked at Morrells for 24 years, heaves a sigh as he looks at his doomed realm of gleaming coppers, one at least a century old.

In the gathering twilight next to the big iron gates with the gold lions standing proudly on either side, old John who is past retirement age but comes in for a couple of hours each evening "just to help lock up", shakes his head sadly.

"I don't know what the world's coming to. Him there," he gestures at the departing back of the new chief executive, "Beadle – can't remember his other name, we call him Jeremy – says it's all about profit. That's all they care about these days, in't it? But it's not everything, you know."

Too right, John. Too right.

Eating out

Another star is born

Giles MacDonogh thinks Aubergine's William Drabble will soon join the ranks of élite chefs

In spite of the Cassandras prophesying gloom and doom, London's restaurant world continues to spin in an unmelodious game of musical chairs. Chefs move on, others arrive to take their places, new restaurants open; everything is in flux. A few weeks ago Gordon Ramsay left Aubergine to open his own restaurant in Chelsea. The move cannot have much pleased his former employers A-Z, but the company has been busy in the meantime and tracked down a new man, William Drabble.

Drabble has come from Michael's Nook, in Grasmere in the Lake District: a corner of England which has enjoyed a reputation for good food for decades. At 27 he was granted his first Michelin star. Before going to the Lake District he worked for some of London's best chefs: Philip Britten at the Capital, Nico Ladenis at Nico Central and Tom Aikens at Pied à Terre.

They all left their mark: Britten taught him to shop, he says; Ladenis introduced him to fish; and Aikens communicated the love of "tall food" which he carries with him to this day.

Somehow he missed out on French work experience, and slightly regrets it now. Aikens was another pupil of the great Parisian restaurateur Robuchon, and some of the Frenchman's thinking has rubbed off on Drabble.

I was apprehensive, for example, to see another bowl of frothy truffle-scented beans appear before me as an *amuse gueule*, knowing that a similar "cappucino" had been the stock-in-trade of the last incumbent at Aubergine. Drabble, however, stuck closer to the original idea. His was thickened with foie gras, was denser and more aromatic than Ramsay's. It was a pleasant surprise.

Foie gras is always a test of a chef. Drabble passed with flying colours. His terrine was layers of *foie gras* interspersed with potted duck meat and sweetbreads. My guest, a magistrate, sat in judgment over a plate of salt cod *brandade* on a watercress sauce, topped with a fan-shaped arrangement of smoked eel and scallops. Her verdict was enthusiastic. The rather prosaic menu descriptions had not led either of us to expect anything so well-conceived.

With the main courses came "tall food". This has great visual appeal, of course, but is made a nonsense in the eating, as the diner must dismantle the elaborate structure in order to get it into his mouth.

My judicial friend had veal sweetbreads on top of a wonderful *pomme fondante* with a cep casserole surrounded by what tasted like a red-wine *meurette* sauce enriched with caramelised onions. I liked mine even more: the legs and breasts of a Bresse pigeon on top of some crispy potatoes, resting on some celeriac which, in its turn, was laid on top of a bed of preserved cabbage. The whole dish was bathed in a delicious madeira, truffle and meat juice reduction.

There were many things which could have been better described. That cabbage was allegedly "*confit*", thus provoking a lively discussion with the *maître d'hôtel*. How had it been preserved? Had it been pickled? I asked. It turned out that it had been stored in rather salty fat like a goose, but it was none the worse for all that.

A bottle of 1992 Volnay Clos d'Audignac from Domaine de la Pousse d'Or stood up to both dishes.

The wine list was as rich as the food with a good number of pudding wines available by the glass, including 1989 Château d'Yquem at a suitably impressive price. There aren't many bargains there. A new list is on its way, "with more new world wines", says the *sommelier*.

Cheese is an option on the dessert list, but there is no trolley. This is a mistake I think. In a restaurant this good a well-kept cheese board is conspicuous by its absence.

The puddings did their level best to make up for the lack of cheese. A little foretaste came with a mini *crème brûlée*. My friend's lemon tart had a super acid tang, and excellent pastry while I had some figs cooked in red wine with a spicy *savarin* and a cinnamon ice. Better than both was the *tarte Tatin*, the apples turned to toffee in their caramelisation.

Drabble's cooking was superb throughout and he looks like becoming one of the stars of the frenzied London scene. Let us hope for our sake – and his – that economic prosperity lasts.

William Drabble: superb cooking throughout the meal

■ *Aubergine, 11 Park Walk, London SW10 QAJ. Tel: 0171-352 3449, fax 351 1770. Menus £23.50 (lunch only) and £39.50 before service or wine.*

هكذا من الأصل

Blisworth Mill: planning permission has been granted for 22 two-bedroom apartments from about £100,000 Colin Beare

Grist to the mill

Peter Whitehead reports on a canalside building set to be redeveloped

The canal and I go way back. Boys growing up in the 1960s and 1970s in the Northamptonshire village of Blisworth believed the Grand Union Canal – a friend to no one but a population of rats and the occasional narrow-boat holidaymaker – existed purely for their enjoyment.

This highway turned backwater was, and remains, the colour of grim grey-brown wet pavements on even the brightest day. But to a schoolboy, the towpath, the bridges, the locks and the overflow sluices were a shimmering adventure playground.

Some paid a high price for the fascination we all held. One primary school pupil in the year above me drowned. It left a generation with a dread fear and healthy respect for what might lurk in the impenetrable depths.

On one occasion, that dread turned to panic as a schoolboy rafting expedition on the canal started to go under. The old oil drums we had used as floats began to fill with water; the crew made it to safety. On another occasion it heightened the mystery of a ride hitched on a boat through Blisworth Tunnel to Stoke Bruerne, a mile and a half of darkness away.

I continue to visit the canal to this day – my parents still live in the house in which I grew up, a few hundred yards from the waterway.

On family visits, I take my daughters, aged six and four, to feed bread to the ducks from the towpath and find that little has changed. The village, through which lorries used to thunder, is now bypassed and quieter but the canalside was always a world apart.

But change is about to visit a significant building known locally as Blisworth Mill, although it is many years since it was used as such.

Many childhood adventures were played out in front of the severe backdrop of this red-brick monolith, one side of which plunges directly into the canal.

The mill was built in 1879 by Blisworth-born Joseph Westley to grind corn for his bakery. In 1921, it was acquired by Northampton Co-operative Society and remained in production for another eight years.

I remember it as a bottle factory – though was never quite sure what that entailed – after which it became a British Pepper and Spice storage depot. For the past decade or more this Grade II Listed building has been left empty, a few windows have been smashed and even the dying ivy growing up its walls appears to have given up hope of it ever buzzing with life again.

A future as a hive of industry was never really likely, and, inevitably, a residential developer has at last taken the plunge and is restoring and converting the mill into apartments – a perfect example of rural brownfield development.

Gladedale Homes has planning permission for 22 two-bedroom, two-bathroom homes in a variety of designs averaging 850 sq ft. It is also creating two three-bedoom semi-detached houses on the adjoining Pickford Wharf.

Prices are likely to start at about £100,000. Selling agent Aitchisons in Northampton (01604-621836) hopes to have a ground-floor show apartment and sales office open in the five-storey landmark building before Christmas.

Work started at the site this week and the conversion is expected to be complete by September next year.

Aitchisons director Mark Pedley sees the restoration work as the culmination of a long-standing involvement with the mill which began when he went to live in Blisworth.

"It started at the acquisition stage and went right on through planning, and to the marketing. It is wonderful to know the building is going to be restored to something of its former glory," he said.

There have already been a number of inquiries from potential buyers. Had I the money, I might invest in one myself. Or perhaps it's all a bit too close to home.

Fishing

Competing lures on honeymoon

Tom Fort feels the pull of the water in Seville

I have heard of brave or foolhardy men who have taken a fishing rod on their honeymoon; and of one or two, even, who managed something rather remarkable with it.

But I am not made of that temper of steel myself, and in general it's not a course of action I would recommend to newly-wed anglers wishing to continue with the sport.

However, lacking the apparatus does not mean the thought of it never crosses one's mind. I own that it did cross mine during our fortnight in Spain. Several times in fact; just as a matter of interest, you understand.

Having goggled at the wonders of the Alcazar in Seville, we sauntered off into the glorious gardens behind. I had read in the guidebook of a pool which had been created in the 18th century for King Philip V. He, apparently, was locked away in Seville for two years – a period spent fishing and preparing for death by means of "spiritual flagellation", of which I shall say no more than that the first sounds rather more congenial than the second.

We passed by the soaring date palms and eucalyptus trees, dallied in the myrtle maze, sniffed the tumbling jasmine, and came upon a pool presided over by a statue of Mercury. Whether this was the spot where poor Philip sought solace, I know not. But it was the spot I would have chosen, for it was stuffed with fat carp, circling Mercury with fine dignity.

Oddly enough, there was no visible prohibition on fishing for them. Had it not been for the 10,000 tourists and, of course, the fact that I was on honeymoon, I might have been tempted.

In Granada, I searched fruitlessly for any hint that the Nasrid rulers who built the Alhambra had had any interest in the potential of the dashing little stream which sparkled at the foot of their hill. I fear that – what with affairs of state, keeping the Christians at bay, lying around amid the fountains and patios of the Generalife, and amusing themselves in the harem – they probably didn't.

There were some goldfish in a pool within the Seraglio, but no one could seriously consider hunting goldfish for sport.

> Were they carp or barbel? I sensed my curiosity was not shared

So it was in Cordoba that I felt the pull of water most strongly. Those who know the city will recall that the great Guadalquivir flows past the walls of the fabulous Mezquita. They may have walked across the Roman bridge which spans it to have a look at the sturdy Moorish tower on the far side. Their glance may have rested briefly on the line of ruined mills downstream, and at the giant mill wheel placed on one bank as a reminder of times past.

But, unless they were moved by the same spirit, I doubt if they would have devoted the time I did – and perforce my beloved, until she wearied of it – sizing up the possibilities.

Initially the interest was fairly idle, for I found it hard to believe anything much could be going on in water the colour of mushroom soup.

Then, as we leaned on the bridge wall and looked down, we saw something as exciting to me as the decorative work of the craftsmen in the mosque ("shame", I hear you say). Fish were feeding in the broken water, and decent ones, too. Were they carp or barbel, I wondered out aloud, or some unfamiliar Spanish species? I sensed my curiosity was not entirely shared.

On the downstream side of the bridge was a big pool where there were swirls and sploshes and other exciting signs of life. Below that, on the city side, was an overgrown island whose trees swayed and squawked with a multitude of roosting egrets.

Spread across the river from there was a succession of tempting little streams, created to drive the mill wheels which helped to feed Cordoba in those olden times (Isabella, she of the faith and the Inquisition, is said to have ordered their dismantling because their grinding kept her awake).

I walked along the bank to the nearest mill, and picked my way through the malodorous rubbish piled up in its basement. Emerging beside its stream, I found myself in a spot to excite any angler's eye. The water rushed into a rippling pool, creating delicious eddies. There were little splashes where little fish fed, and dark holes where big fish must lie. And nowhere was a fisherman to be seen.

What a missed opportunity, I thought as I hurried to rejoin Mrs Fort.

Now, what is Spanish for "fishing tackle shop" and "worms"? Our phrase book was useless. I shall have to find out.

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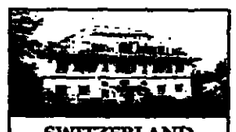

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هكذا من الاصل

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When Lawrence of Arabia took to the water

High-speed boats, as Richard Donkin discovers, owe much to the unsung work of 'Aircraftsman Shaw'

Harry Banks on board RAF 206: 'T.E. Lawrence rode his bike at high speed almost everywhere he went and mixed a special fuel for it in the boatyard' Philippe Fallo

On the road winding towards the seafront at Hythe I passed a vintage motorcycling enthusiast straddling a well-polished machine that must have been made during the inter-war years.

The rider, wearing goggles, greatcoat and large leather gauntlets, might not have cut quite the dash of Aircraftsman Shaw – better known as Lawrence of Arabia – who sped through these very lanes 70 years earlier, but his presence did help to recapture the earlier part of the century a little.

A few minutes later and the journey back through time was complete. There, in Hythe Marina, was a fully restored example of one of the RAF speedboats that inspired powerboat designs to the present day. Standing on board RAF 206 was Harry Banks, its former coxswain who had tested the boat during the 1930s with Aircraftsman Shaw.

"He used to ride his bike, a Brough Superior, at high speed almost everywhere he went. He mixed a special fuel for it in the boatyard," said Banks, now 95. "I remember filling the bike's tank with fuel the evening before he died."

Biographies of T.E. Lawrence have understandably focused on his leadership of the Arab revolt during the first world war. His decision to spend his post-war career in comparative obscurity in low-ranking service duties tended to deflect attention from his work.

He was far from inactive during the inter-war years. Nor did he concentrate wholly on his writing, although correspondence with members of the literary and military establishment did engage some of his efforts.

For some years before he died he had been working in a pivotal role, in spite of his lowly rank, in the development of high-powered RAF rescue boats. These were the precursors of the famous US PT (patrol torpedo) boats which distinguished themselves in the South Pacific campaign during the second world war.

Only now, with the rediscovery and restoration of two of these early designs, is a fuller picture of Lawrence's involvement beginning to emerge. Though he shunned the limelight, it is clear from his own accounts of the powerboat trials that his role in this field of military development was central – so much so that interest in the work among the heads of UK military procurement diminished after his death, leaving the way open for the US to exploit the research.

Philip Clabburn, head of Powerboat Restorations, who has rebuilt two of the pre-war RAF recovery boats, is fascinated by the involvement of Lawrence in a project run by Hubert Scott-Paine, one of the UK's leading powerboat engineers during the 1920s and 1930s.

"When I acquired this boat [RAF 206]," said Clabburn, "it was about to be turned into a cold frame for growing tomatoes. It was only after I bought it that I discovered the connection with Lawrence and Scott-Paine."

Scott-Paine built the Supermarine aircraft which won the Schneider Trophy race for Britain in 1922 before turning his attention to beating speed records on water. Lawrence was seconded by the RAF early in 1931 to work at Scott-Paine's British Powerboat Company in Hythe which had begun working on military adaptations of a revolutionary speedboat design. The design used a hard-chine planing hull – a flat bottom that helped the boat's structure rise above the waves and plane across the water, cutting down surface friction.

Lawrence had arrived at the boatyard unannounced, using the name that some believe he adopted because of his closeness to George Bernard Shaw's wife Charlotte, whom he regarded as a mother figure.

"We had no idea who he was at first. He came with this corporal who acted like a minder and it was only when we complained about Shaw giving out orders that we discovered his real name," said Banks. "He didn't speak much but when he did, he seemed to know what he was talking about."

> His post-war decision to avoid the limelight has obscured his key role

This much is clear in the detailed notes Lawrence made about the first of the RAF rescue boats; they demonstrate an in-depth technical knowledge of marine engineering and performance. His excitement comes across in a letter to Robert Graves written three months before his death. Lawrence wrote: "I have been so curiously fortunate as to share in a little revolution we have made in boat design ... Now I do not claim to have made these boats. They have grown out of the joint experience, skill and imaginations of many men. But I can (secretly) feel that they owe to me their opportunity and their acceptance ..."

By this time, Lawrence had begun work on a private project with Edward Spurr, a Southampton boat designer, to construct a speedboat called Empire Day with which it was planned to attack the world water speed record. The boat was built in the late 1930s but never made the attempt.

Scott-Paine also developed a larger high-speed launch – the 100 series – the last surviving example of which has also been acquired and restored by Clabburn and a group of like-minded enthusiasts. Clabburn runs the boats in corporate hospitality events and maritime shows under the Military Power Boat Trust, an organisation set up to promote the acquisition and restoration of similar vessels.

"I feel it is important to keep them and run them. There are not many left. Some examples of the early ones are being used as houseboats but, in a few years, unless we can find them and save them, they will be gone," said Clabburn.

"These boats were ahead of their time. Put one against a modern Sunseeker and it would wipe the floor with it."

An even faster craft, capable of 50 knots built by Scott-Paine in 1939, was rejected by the Admiralty because it exceeded their specifications. This was the design he took to the US and which became the PT boat.

In spite of this military fickleness, the RAF boats saw service in hundreds of wartime rescue missions. "Some 13,000 men were picked up by boats like this. That's a lot of pilots," said Clabburn. Enough, perhaps, to concede that the exceptional qualities of T.E. Lawrence continued to flourish far beyond his Arabian campaign.

■ *Power Boat Restorations. Tel: +44 1590 641254*

Gardening

Time to hack away the jungle

Frosted plants may look photogenic but, says Robin Lane Fox, reality is somewhat different

One answer to the late November garden is to abandon it and wait for the spring. It is an expensive answer and one which ignores the singular pleasure to be gained from favourable hours on exceptional winter days. Artists have often preferred trees without leaves and the clarity of line which comes with the loss of greenery. It can be surprisingly pleasant to work on into late afternoon with dusk and rain in the air and the evening call of a pheasant for company.

On a simpler level, which jobs are effective when preparing gardens for the quiet season?

We all favour pots outdoors for spring bulbs and romantic summer planting. My first advice applies whether you live in town or country. Raise the pots off any hard surface by slipping bricks underneath to support their sides while allowing free drainage through the bottom hole. In cold weather a frost will ice the damp bottoms of unraised pots on to gravel or a hard terrace. Often they will crack away at the base when the cold spell thaws. If you raise them, you save them from bottom freezing and stand a much better chance of bringing a cheap pot through the winter.

We all face the same question in our flowerbeds: to cut down or not? Photographers, flower-arrangers and refined eyes now tend to say no because they value the patterns of winter light, frost and subdued browns on the dead stems of their winter borders. They photograph the best and pass around artistic pictures of their dying ornamental grasses at their sun-kissed best.

On most days these photographs are irrelevant. Dark skies, rain – and the usual run of border plants look blackened, sodden and miserable. I think of herbaceous clematis, most of the tall yellow daisies, Japanese anemones, michaelmas daisies, lupins and delphiniums. There is no winter beauty in these lovely plants; go out there and cut them all down to within two inches of the ground.

Act in the spirit of my female helper last November. She looked at the jungle of the late-flowering border and set about it with hand shears, with a war cry of "Let's get the Vietcong out of there." I recommend lawn shears or similar large-scale cutters for the task. They are far quicker at it than the usual secateurs and will cope with anything which is not too thick and woody.

> The usual run of border plants look blackened, sodden and miserable

Perhaps we say too little about what should not be cut. Leave anything herbaceous which has not lost its leaves and anything which you believed to be only slightly hardy. Penstemons are a good example of plants which should be left as the top growth helps to protect them from frost. All the old friends like phlox, hardy geraniums, catmint, and campannlas should be cut down without a qualm.

Shrubs, of course, should be exempted. Last winter, I watched the sad sight of a London businessman in gloves, cutting down his hydrangeas and the browned outlines of shrubby potentillas as part of his weekend filling of a black dustbin liner. Potentillas look misleadingly dead, even when you break their stems, but they should certainly not be clipped back. Nor should hydrangeas until late spring, if at all.

The lovely blue ceratostigma, often called hardy plumbago, should also be left with skeletal brown stems until April. Never go wild and cut a lavender down to ground level as part of a riot with the shears.

Photographers are welcome to their frosted grasses, but I assure you that a border fully cut flat by mid-December is extremely good for morale. When the ground is cleared, you can also think about the urgent matter of manure on any ground which is now bare and waiting for vegetables or next year's flowers.

Books always call manure "well rotted", but as any horse-owner or country-dweller knows, rotted manure is extremely difficult to find in today's pattern of farm management. Usually, the best on offer has decomposed for only a few months and is still full of long straw.

In late November, strawed manure is not such a disaster. If the ground has been broken up, worms and bacteria will help to decompose a top dressing of long straw manure, applied in the weeks before Christmas. The one cardinal error is to imitate the last man who ever helped me in the garden while wishing that he was at home exercising his pet rabbits. He felt pleased to have begged a large load of strawed manure from a passing farmer in late March when I was away for the day.

He laid it all through the border as a mulch, whereupon it turned hard in the next four weeks of spring drought. Eventually, the bacteria dealt with the straw in time for winter, but its decomposition took nitrogen and goodness out of the soil and was both a visual and a chemical catastrophe.

Outdoor pots should be raised off a hard surface

The maxim for muck is as follows. Long straw manure is for top dressing or to be dug in only before early winter. Thereafter, you need rotted manure without long straw if you know where to find it.

In towns, big loads of manure are a rare option. You are most likely to be offered bags of the stuff, but you should check here too if the contents are heavy on fresh straw or not. If they are, the same timing applies. There is always the sporting chance that a load of farm manure will bring fresh weed seeds with it, but I am resigned to the risk. On my thin and poor soil, proper manure is the best dressing for most things because it does the most for the texture of the soil. The weed seeds, if they exist, are a minor inconvenience.

The major inconvenience is one which at this time of year we often forget. Unless we have long cold spells, the garden is still teeming with slugs, especially with slugs' eggs, which are laid in the most promising patches of well-mulched ground. Slugs emerge on warm days and set about anything from the young basal growth of madonna lilies to the emergent shoots and buds on hellebores. They love the young shoots on scillas and even tulips which they sometimes attack just below ground level. They are a real menace to the young growth which should develop next year on any of the hardier chrysanthemums to which I recently paid tribute.

Seeing is usually believing, but slugs are hard to pick out in a late November stroll round the flowerbeds. The best way is poison. Put down slug bait and watch it disappear by the handful, leaving the welcome traces of dying slime in the vicinity. Frost, wind and heavy rain are the familiar foes of early winter, but slugs are the enemy which we easily ignore. At least they are the one we can eradicate.

Seeing the wood for the trees

Anne Wareham takes nature to task

The best thing to happen to our garden this year was the removal of a telegraph pole. This was exciting because it was the last on a list of several obstacles that needed to go in order to effect a magical transformation.

The others we had removed, more controversially, were trees. I'm afraid these were perfectly good trees, doing no-one any harm. But they did ruin one of the most delightful features of the garden, a magnificent semicircle of mature trees which surround the south side.

This lovely backdrop tended not to be admired or noticed. It creates a strong horizontal line, but when we first came to live here several large trees within the garden broke it up.

They went first. Then three trees within the semicircle went because they had all developed an unfortunate drunken lurch; the odd angles of their trunks created a distracting pattern among the others.

Finally, the telegraph pole went. This was vertical enough, but too much in the foreground. With its removal the whole space opened up. This year, for the first time, visitors have commented on the way the line of trees enfolds the garden.

I am aware that this will rub salt into the wounds of those who have tree preservation orders to contend with.

But it is not only trees that can create dramatic lines. For several weeks this summer I repeatedly noticed a large horizontal spread of purple sage, which had come well through the winter and was looking splendid. There were several bronze fennels growing at its edges, which made a good colour combination. But one day I acknowledged that I found this group irritating because the vertical line of the fennel ruined the broad flat sweep of the sage.

I felt the same reluctance I had felt about the trees – it seems hard to weed out a perfectly healthy, thriving plant. But the deed once done produced immediate gratification.

It appears to me that nature often gets her lines wrong. Natural effects are held in high esteem, in theory, and the classic example is held to be the bluebell wood in spring. I have noticed, however, that nature will frequently spoil her handiwork by allowing one piece of bramble to reach airily for the sky, and thus with one wave ruining the view of a total carpet of flower. Likewise, I have to weed seedling elders and hollies out of the cover of ivy in the wood because their vertical line ruins the otherwise pleasing uninterrupted horizontal.

> Removal isn't always the key; sometimes a bit of sculpting has the desired effect

So now that I am aware of the joys of removal, I periodically venture into the garden with a pair of loppers in one hand and secateurs in the other. I'm looking for lines.

Outright removal isn't always the key; sometimes a bit of sculpting has the desired effect. Following a hint on these pages many years ago, I hid our neighbour's house with a line of laurels, which have grown lustily, as predicted. In their case, I have removed parts of their lower extremities. I resented the space they took up at ground level, so conceived the idea of allowing them to hedge out at the back, while at the front I cleaned their trunks of all the small branches and leaves which came forward of this hedge line.

I worked up to about head height, where I allow them to branch out, like small trees. This cutting has produced a most satisfying line of sinuous trunks, a pleasing feature in their own right all year round. This is a good trick, too, for making space where a shrub has been planted too close to a path.

Creating a few trunks at the edge of the path, and allowing them to branch out into an elegant arch overhead, is much more satisfactory than hacking the shrub right back. Pruning a shrub this way can turn it into a small tree useful where space forbids a tree, or where more space on the ground is needed for planting. I made a pretty tree out of a cut-leaved elder, exposing a ruggedly attractive bark in the process.

But this process can become addictive. You may suddenly find yourself trunk crazy, and prowl around everywhere looking for elegant shapes to expose. It is as well to bear in mind that it can be easier to chop a branch off than to put it back, so think hard, look hard, before you do the deed.

But it is an addiction which will allow you to appreciate the beauty good lines can create in a garden. Lollipop trees rising cleanly away from the stark horizontal of a clipped hedge, the anarchic twiggy wiggle of the inside of a hornbeam tunnel, a line of stunted pollards.

One of the least sung pleasures of the gardening year is the stripping away of all the flowery debris in the autumn to expose the bones of the garden beneath, creating a fresh new vision – providing you have done your lines.

TRAVEL

A Virgin virgin falls in love with the fun business

Michael Thompson-Noel admits it. He was grumpy when he got to Necker Island, but Bransonland won him over

There is no point visiting Necker Island, Richard Branson's idyllic north-eastern Caribbean hideaway, if you lack humour and playfulness, for in Bransonland those are indispensable qualities.

In *Losing My Virginity*, his recent autobiography, Britain's best known entrepreneur states that well-run businesses should treat their customers, staff, suppliers, investors and (not least) competitors with responsibility and integrity. He also insists that doing business should be fun. "All of us spend most of our lives at work," says Branson, "so for goodness sake let us enjoy it."

I wish I had read his book before setting out for Necker Island. As it was, I was a Virgin virgin. I had neither read Branson's book nor sampled a single manifestation of the groaningly extensive Virgin product list. Never tried the airline, trains, cinemas, cola or clothes, let alone the holidays, financial products, megastores or condoms.

If I had not been a Virgin virgin when I stepped into the uncovered powerboat that was to convey me from Beef Island to Necker Island, I suppose I would have felt more ironic when, drenched to the skin, I finally stepped ashore on Branson's private playground.

But I *was* a Virgin virgin, so for a while I was lacking in humour, having found the 40-minute powerboat ride to Necker one of the worst experiences of a lifetime devoted to (increasingly) pampered travel.

It was dark. It was stormy. The rain beat down. Every few seconds, when the powerboat struck a wave, we were soaked by seawater. I was appalled. Even scandalised. A most unhappy camper. I felt imperilled. No one had been given a life-jacket. Nor were things helped by discovering, subsequently, that the majority of visitors to Necker do not use one of the Branson powerboats for that last bit of the journey. Instead, they are whisked to and from the island by helicopter.

However, it was not Necker's fault that my Virgin Atlantic flight from London was late arriving in Antigua, so that we had to transfer in a little Aztec aircraft to Beef Island instead of to Virgin Gorda. Though much closer to Necker, its airport was closed. A friend of mine who visited Necker a few years ago says that, in clear weather, the crossing from Virgin Gorda to Necker is pleasant and quick, so there we are.

Anyway, it says a lot for Necker's charms that by 6am next morning, when I awoke to an intermittently squally yet beautiful October day in the outer reaches of the British Virgin Islands (BVIs), I had almost forgotten the shock of the previous night's powerboat dash from Beef to Necker, and within another 24 hours was able to talk again in actual sentences.

> The atmosphere on Necker is that of a private house, with timings to suit guests

Someone I met at the Necker breakfast table on the morning after my arrival said he was familiar with Bransonland. "Just go with the flow," said this chain-smoking 60-something, a veteran, by the look of it, of many weird nights. "You can't beat or second-guess Branson, or go round him or through him. So fixate on the mood. Match your step to his step. Relax. Chill out."

Twenty years ago, when Branson was visiting the BVIs, he had nowhere to stay and not much money, but was told that people who expressed a serious interest in buying an island were treated by local estate agents to free accommodation in expensive villas and free trips by helicopter.

Branson liked what he saw of Necker Island, which is 74 acres in extent, even though the estate agent who was showing him round said Necker had no fresh water. It was being sold by a British lord who had never visited it.

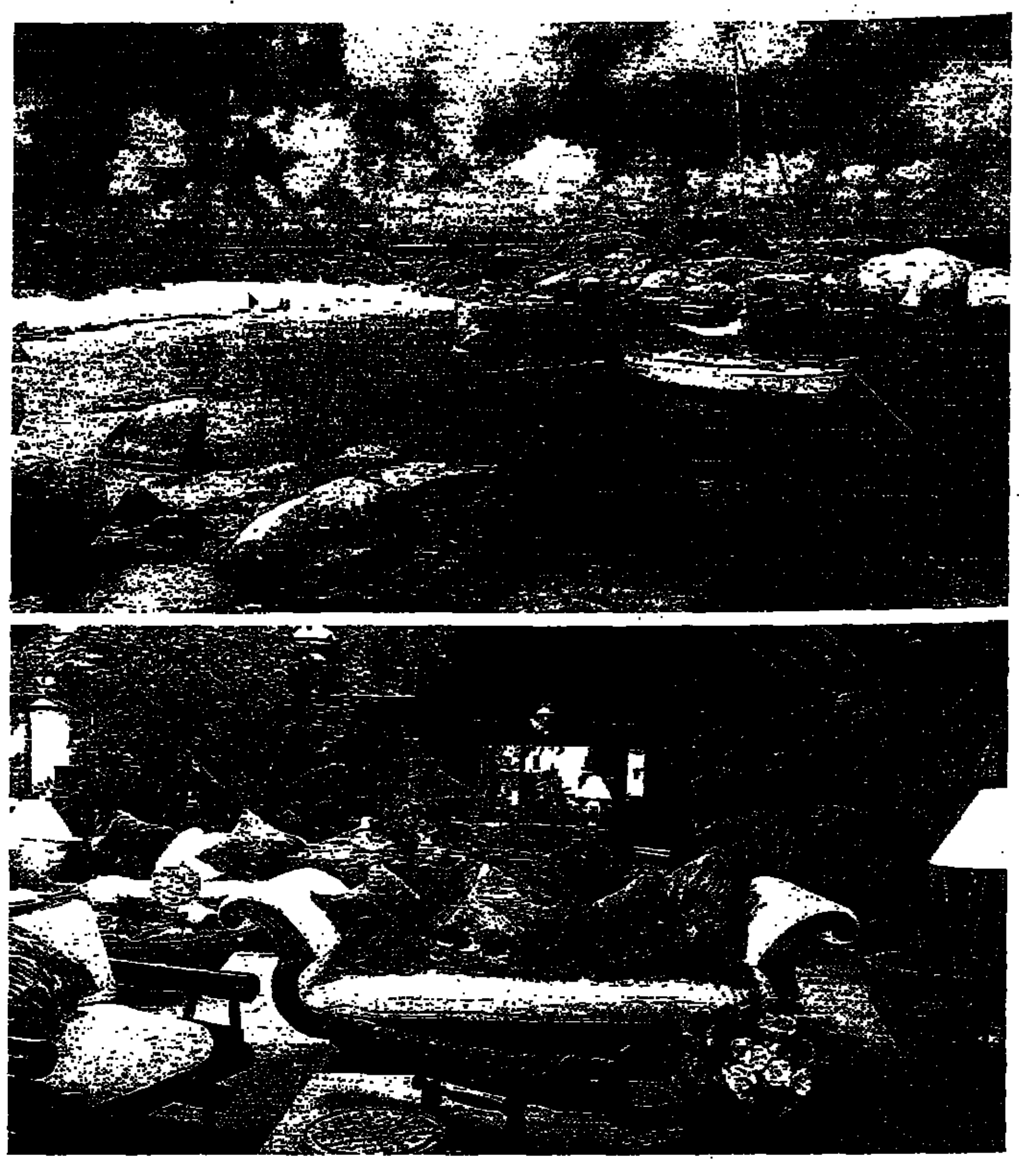
The island was surrounded by a reef, and Branson was told that leather-backed turtles visited Necker to lay their eggs. "There were thousands of nesting gulls and terns," recalls Branson, "and a small flock of pelicans fishing in formation." Inland, he could see two saltwater lakes and a small tropical forest. There were numerous black parrots.

Branson asked how much the owner wanted for Necker. The answer was £3m. "How much were you thinking of spending?" the agent asked. "We could offer £150,000," said Branson. Two years later, back in London, he heard that the owner wanted to sell Necker in a hurry so that he could construct a building somewhere in Scotland which would cost about £200,000.

Branson upped his offer for Necker to £175,000. Finally, he was told he could have Necker for £180,000, so he agreed on the spot and the island became his.

"Necker seems to have been permanently uninhabited," says Branson. "Pre-Columbian artefacts found on neighbouring islands have never been discovered there. Only a few goats were to be seen when I bought it. I wanted to build a home that could be used by my family and friends, while keeping the island as unspoilt as possible.

"However, when the project was finally completed, it seemed such a waste to use the house only a few weeks a year, so we decided to rent it out. Now it is used for business meetings, small conferences, top level incentives or as a private holiday island for families and friends."



The view is from the sea (top) and the furniture and fabrics from Bali

Construction of the house started in 1982, on Devil's Hill, which has all-round views of Necker and its surroundings. It was designed in what Branson, fond of Bali, calls an airy Balinese style, with large parts of it shipped in from all over. The roof, for example, was first assembled in Brazil, taken apart, shipped to Necker and then re-assembled. The stone flooring came from Yorkshire, while most of the furniture and fabrics were made in Bali.

The house is in two sections: 10 bedrooms in one, including the upstairs master bedroom that Branson himself uses, and large, extremely comfortable open-plan living and dining areas in the other. There is stone terracing outside, with wonderful views, and, at a lower level, a swimming pool and Jacuzzi joined by a small stream and waterfall.

Branson is pleased that each of the bedrooms has balconies which "not only have a sea view but a sky, sun, moon and other-islands view". The master bedroom has its own terrace and Jacuzzi. Apart from the main house there are two Balinese-style guest houses.

Branson loves Necker. This year he has spent three and a half months there, and will be back for Christmas. Ask Branson what there is to do on Necker and you may have trouble shutting him up. "There is no end of things to do," he says. "Two sides of the island are made up of beautiful sandy beaches. You can go swimming, snorkelling, water-skiing, sailing or windsurfing within yards of the shore. Or you can take a boat out to some of the other islands.

"Try lazing in the sun, marvelling at the volcanic scenery or trying some sport fishing. The largest marlin in the world was caught a few hundred yards from Necker. A gentler alternative is to slip on some scuba gear and slide beneath the surface, where you'll find angel, trigger and squirrel fish swimming in rainbow formations and coral reefs clinging to sunken sailing ships."

Branson, whose empire already has substantial hotel interests, is thinking of investing in a number of Necker-style properties – not all islands – around the world, and operating them the way Necker is operated, as private and exclusive playgrounds.

The house on Necker is run by local staff, under Australian managers – Mark Netherwood and wife Joanne – in an efficient yet friendly and relaxed manner. Previously, the Netherwoods were part of the management team on Heron Island, on Australia's Great Barrier Reef. Before that they were on North Queensland's Double Island, owned by Australia's richest woman, Janet Holmes à Court.

The atmosphere on Necker is that of a private house, with an open bar and timings to suit guests. Meals are informal, either in the dining room, beside the pool or at the beach, with a style of cuisine that utilises much locally produced fruit, vegetables and fresh fish. Branson is spending a lot of money on his island, making it more lush and Edenic. He would like to grow as much fruit and vegetables as possible. When I was on Necker, they were about to sow 50,000 pineapple plants.

Guests, says Branson, can let Necker's staff make all arrangements for meals, or can stipulate menus they want. I thought the food on Necker was good: not brilliant, but pleasant. And the wines (I don't drink) were said (by people who drink expensive wines every single day) to be first-rate.

Plenty of stars, starlets and other celebs have stayed on Necker. Recently, actress Brooke Shields and her husband, tennis star Andre Agassi, hired Necker for six nights – just the two of them. Basically, you hire the whole island and its 34 staff. What you pay depends on the size of your group. Rates were recently increased.

For a minimum of three nights, groups of 20-26 guests pay an all-inclusive fee (including return powerboat transfers from Virgin Gorda or Beef Island) of $20,500 per day. Groups of 15-19 guests pay $17,500 per day, 8-14 pay $15,500 per day, and one to seven guests pay $13,000 per day.

Your only difficulty will be deciding whether to take advantage of the free powerboat transfer. If it's a bright day, all well and good. But if it is rainy or stormy, you could get drenched. To be on the safe side, you should probably charter a chopper, the return cost (per helicopter) being approximately $2,000.

■ *Information and reservations, UK and Europe: Necker Island (BVI) Ltd, 1 Uxbridge Street, London W8 7TQ. Tel: 0171 313-6109/6110, fax: 0171 727-8343. For the US, Canada and South America, bookings and information are available from Resorts Management in New York, tel: 800 557-4255 or 212 696-4566, fax: 212 689-1598.*

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TRAVEL

Happy in time's hands

Roger Bray follows the peaceful paths of the Dymock poets

In the restlessly sleeping cornfields of north Gloucestershire, the thunder of wartime guns must have seemed as distant as the pounding of Pacific surf. There can be few places in which the shattering of a rural idyll comes home with such immediate poignancy.

Edward Thomas conveyed how far removed he felt from the carnage in France: "We turned from men or poetry/To rumours of the war remote/Only till both stood disinclined/For aught but the yellow flavorous coat/of an apple wasps had undermined."

It was 1915. Two years later, like so many other young men whose names are listed in ancient village churches in this gentle corner of the English countryside, he was dead.

His companion in the poem was the American, Robert Frost. They are the best known – unless you count Rupert Brooke, who came to visit – of the group which became known as the Dymock Poets. The others were Lascelles Abercrombie, Wilfrid Gibson and John Drinkwater.

You could get a snapshot of their brief time here in an hour or so, by car. To get a proper feel for the landscape which ripened their verse, it is far better to park and walk. Few, it seems, bother. Sections of the eight-mile route which we followed had been obscured by crops. Many waymarks on stiles had been ripped off or had cracked and fallen with age.

There was only one short stretch, however, which was so deep in nettles it was impassable, and then only because, in hot sunshine reminiscent of that glorious summer of 1914, we were wearing shorts.

Dymock is a few miles south of Ledbury, in Herefordshire, where we made our base at the Feathers Hotel, a lovely, 16th century, black-timbered inn, recently extended, which was once a staging post for mail coaches travelling between Cheltenham and Aberystwyth.

Leaflets mapping two "Poets' Paths", which visit places explored and lived in by the Dymock coterie, are available from the town's tourist information centre. One of them passes the lovely little church of St Mary's at Kempley, with its astonishing medieval frescoes, and Abercrombie's cottage at Ryton, where the literary world went to drink his cider. But it also ducks under the M5, whose insistent roar, we felt, would destroy the illusion of a countryside unchanged.

So we took the other route, starting from Dymock Church, where a small exhibition describes the poets' local lives and works, across cow pastures and along a brook where kingfishers flashed.

It is hard to imagine a distillation of England more intense than this: rolling fields, the drone of farm machinery, neatly ranked apple trees, hazy, distant views of more dramatic hills, hedged lanes whose peace is seldom troubled by traffic.

We called at Preston Church, where another local poet, John Masefield, was christened, climbed a steepish rise and beyond, in a dip, was the house where Thomas lived, unaltered it seemed, save for the addition of modern windows. From there it was a short stretch to Little Iddens, white painted and black-timbered but not quite as isolated as when Frost lived there, for a new brick house has been built nearby – but it was reached across a golden cornfield.

In the heat of that summer afternoon we crossed the line of a long disused railway which once ran through these villages, recalling the hissing of steam in that most evocative of Thomas's poems, "Adlestrop", and passed Gibson's former home, the Old Nail Shop.

It was gone 2pm when we reached the Horse Shoe Inn at Broom's Green, as delightful a pub as you could find. The landlady regretted it was too late to make lunch but some of her customers reckoned her pickled eggs were "world class" – and she popped one into an open bag of crisps to prove it. We sat under the shade of a great cherry tree with wind chimes in it, drinking chilled cider made at nearby Much Marcle, and were reluctant to continue the walk.

It would be foolish to imagine that the Dymock poets lived in harmony as unblemished as this. Doubtless, jealousies menaced beneath the surface. Was Gibson aware, for example, that Thomas regarded him scathingly as "essentially a minor poet in the bad sense, writing about things instead of creating them"?

And just how accommodating were the people who lived there? Some were paranoid at the notion that German spies might be sniffing around, for Thomas and Frost were challenged as such by a gamekeeper with a 12-bore, perhaps because Frost's accent was strange.

But for all that it must have seemed, to borrow from Dylan Thomas, that time held them happy in its hands. Lying on our backs in a field of stubble after lunch and listening to the bees, the thought recurred, as it must have done to them in the shadow of war, how cruel it is that such perfection is so transitory.

■ *The Feathers at Ledbury (tel: 01531-635266) offers special breaks from £57.50 per person sharing a double or twin room and staying at least two nights. The price includes an excellent full English breakfast, an allowance of £17.50 towards dinner – the roasted rack of local lamb is delicious – and use of the new spa, which has an indoor pool, Jacuzzi, steam room and small exercise room.*

Dymock: To get a proper feel for this poets' landscape it is better to park and walk — Graffiti Ltd

Teeing off - at last - in Thailand

My heart sank. My caddy grimaced as I tallied up the score – 45, 56, 65, 74. Plus 70. 144. My attempt to acquire a golf game was stuck in the same place as my ball – the rough.

I was on an extended stay in Thailand, surrounded by luscious boom-era golf courses charging recession-era £12 ($20) green fees and I, seemingly, could not take advantage.

After a few frantic phone calls and an e-mail or two, I suddenly found myself speeding from Bangkok and gazing out at limestone mountains spiralling up from the Thai royal family's beachside holiday destination of Hua Hin. A spot of instruction was the order at this Mecca of south-east Asian golf, where the first course was carved out of the jungle by a Scottish railway engineer in 1924.

As Frank Gilbride, a member of the British PGA for more than 30 years, walked up and grabbed my hand heartily, I quickly realised this was going to be no ordinary learning experience. Frank would not even guarantee that he would allow me on the course.

"Let's look at your swing first," he said in a way that was both cheerful and ominous, leading me out to the driving range. "Don't jump the gun. You need someone standing behind you, talking to you, helping you get *that* feeling."

Yes, that feeling of hitting a golf ball square and following its precise humpback trajectory towards its intended target. I imagined its contagious pleasure. Why else would this quiet resort – lacking the aggressive girlie bars that plague Thailand's more famous beaches – be able to support nearly a dozen championship golf courses and be home to professionals playing on the Asian PGA tour.

As much as anyone, Frank is responsible for introducing golfing at Hua Hin to the outside world. Sure, Thai property tycoons made the investments and the likes of Jack Nicklaus and Roger Packwood designed the courses, but Frank has pushed it as a destination for golfing holidays. As Thailand steps up its promotion of new niche tourism markets, his five-year-old company, Hua Hin Golf Tours, expects to sell 10,000 green fees.

During the winter, when many European golf courses close and the company is responsible for accommodating and entertaining over 150 golfers per day, there is so much demand for instruction that Frank keeps a teaching pro on staff to augment the club pros.

Information

■ Hua Hin Golf Tours, +66 32 530 321 or www.frangipani.com, runs golf tours year-round and has optional side trips to courses in the River Kwai area. Prices start at about $300 for five days including hotel accommodation, airport transfers and green fees.

■ Companies with tours in other parts of Thailand include Golden Eagle Sports (www.golfinthailand.com), which has tours from about $550 for four days. Ted Bardacke stayed in Hua Hin courtesy of the Imperial Lake View hotel and golf club.

Out on the driving range, there was little doubt I was going to be responsible for a lot of that demand. In spite of Frank's encouraging words about my initial swings, we completely reworked my grip, stance, posture and follow through.

Yet I was feeling a bit strange. We had been out on the range for nearly an hour and I had not been allowed to hit one ball. How was I ever going to get on the course? Plus, all this new movement, though not very difficult, was a tad uncomfortable.

"Goooood," said Frank when I shyly suggested to him that I felt like a poorly-skilled contortionist.

"If it feels wrong, it's probably right," he said, offending my modern do-what-feels-right sensibilities. "Now hit the ball."

Oh what joy. The ball actually started to fly straight. Not very far, mind you, but straight. After lunch, we started working on cocking my wrists and a proper backswing. More discomfort, more "goooood" from Frank. But the backswing proved to be backward and the balls started flying in all directions, if they flew at all.

Until it worked. I do not know what happened but somehow there were the balls hitting the 100-yard marker, jumping off my nine-iron with subtle spin. They say golf is a mental game but I think it is more like dancing. You get into a groove and you simply do not want to stop.

Day two presented a dilemma. I could get in nine holes before Frank arrived for breakfast or I could follow my teacher's "don't push it" suggestion. A bit stiff and a little lazy, I decided not to play. Yet sitting out on the veranda with my coffee and overlooking the immaculate fairway of the Lakeview course, I immediately regretted the decision. It was all so empty and green and, as Frank walked up, I shivered at the thought of being consigned to the practice tee all day.

Every new element in a golf swing provides new challenges. It takes time to work things out but I did not have that time. I was hitting well and begged to be pushed further, only to lose concentration, then lose focus and start doing damage to my swing.

So Frank gave me a challenge. Hit well in the rest of the afternoon and I could shoot a round on Sunday. But he made it difficult. I practised chip-and-runs from the edge of the green, then bunker shots and short pitches, and finally worked my way through my golf bag: nine-iron, seven-iron, five-iron, five-wood off the tee, five-wood off the fairway, three-wood off the tee.

It was going well until I was about to hit the day's last practice ball. Frank stepped in, picked it up and threw it away with a smile.

"See you on the first tee tomorrow." His voice sounded like the popping of a champagne cork. I had made it.

Later, heading back to Bangkok past palm trees in rice fields, with frogs jumping across the road and a cricket clinging to my windshield, I tallied up my Sunday score: 45, 50, 56, 61. Plus 63, including my first bogey – 124. Not great but certainly good enough for me to return.

Ted Bardacke

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TRAVEL

Guadalupe, a name which means wolf river: but the last wolf in the district was killed in 1947 Magnum

Rural rescue in his backyard

Adam Hopkins explores the plains and mountains between Seville and Salamanca

Pedro Blanco is one of that new generation from Spain's somewhat remote Extremadura region. Born and raised in a village in deepest countryside, he was educated, against the odds, on a scholarship in the new University of Extremadura.

Today he is working – lucky to have a job at all, he says – in his very own Extremaduran backyard, that rough collection of plains and mountains which fills the empty spaces between Seville and Salamanca.

Although not meaning very much statistically, there are quite a few like him from the local university, engaged in the urgent task of rural promotion which is, around here, a synonym for rural rescue. One of the main objects is to offer other young people the chance to stay at home and make a living.

In Pedro's case, on a European-funded project, it involves the boosting of small local businesses, often based on arts and crafts, and local produce such as chestnuts, runner beans, cork, cherries, honey, wine and the gathering of wild mushrooms from the forests. Tourism also features on the list.

Now, Pedro is a geographer by discipline, and, given his origins, his intellectual formation and what you might call his business interests, he has an eye for all things wild and rustic. So when he offered to take me walking in the mountains, on his free Saturday, what could I say but "yes, yes please" and wait for the event.

His bailiwick is the district of Las Villuercas, where shaggy sierra covered in cistus and giant heather rises around the monastery of Guadalupe, with its famous Arabic-Hispanic style (*mudejar*) cloisters and the thrilling, swirlywhirly tracery all over the main facade.

> Cervantes supposedly prayed here before his entry to the monastery

Belonging to the Hieronymites, who were especially close to the Castilian royals, Guadalupe was a regular stop-over for a monarchy which ruled, right up until the modern era, by constant itineration. The name, as Pedro pointed out, means Wolf River (Waddi Lupus) in that striking assemblage of Arabic and Latin which forms the background to contemporary Castilian. The last wolf in the district was killed in 1947.

I had already done my monastery visit (quite a few others were doing the same, tourism needing little boosting in Guadalupe itself, nor in the conquistador towns of Caceres and Trujillo, come to that) with special attention, as is only proper, to the suite of paintings by the Extremaduran master Zurbaran.

They tell the history of the Hieronymite order and still hang – a colossal rarity – in their original position. I had eaten well and drunk too deeply at the former pilgrims' hospital beside the monastery, today a parador – that is to say, one of Spain's chain of state hotels, most often sited in historic buildings. Now it seemed time for a little exercise.

A second Pedro, Pedro Diosdado, local gym teacher and part-time guide, turned out in his four-wheel drive to set us on our way. We popped in first to the sinuously decorated shrine or *humilladero*, also *mudejar* in style, on the approach road to Guadalupe.

Cervantes supposedly prayed here before his entry to the monastery (Columbus prayed in Guadalupe too and, for better or worse, the first indigenous Indians he brought to Spain were also baptised here). After that it was straight on up to a man-built snow hole – like a deep, wide well – high on a mountain ridge. Here the monks once kept their perishable viands, in sedulously-packed ice and snow, right into the hotter weather.

We looked out over mountain ridges running away from us in straight lines, with reptilian, quartzite backbones, heather and cistus on the slopes, and plenty of that lichen-covered, stunted oak familiar in these parts, along with a few olive trees and extensive chestnut plantings. The villages were few but looked neat against their immense and rugged backdrop.

Donning our boots at last, and with the sun by now staring down alarmingly from straight above, we all set off downhill into the valley of the river Vieja.

Right at the start we encountered another hole, wider than deep this time, dug out for sand for the medieval copper-works in Guadalupe. Then it was along the bridle path – in Spanish, *sendero de herradura* or horseshoe trail – occasionally unearthing horseshoes worn wafer-thin.

We dawdled down, we talked – perhaps too much to allow us to see the roe deer which live in the woods. "It is good to go slowly," said Pedro the Schoolteacher, "to see, touch, smell – it's not a sporting event."

Wild boar had been digging at the roots of almost everything; birds of prey had left their pellets of fur and bone; we found fox droppings like nut-brittle composed of cherry stones and the undigested legs of grasshoppers. We sweated in the sun, rested in the shade and drank with gusto from our water bottles, all the time to the sound of water.

Eventually, we crossed the river and began to climb, talking about the Spanish civil war – extremely well remembered. Supported by the underground communist network, which somehow survived Franco's victory, the *maquis* guerrillas staged the occasional piece of minor sabotage and sometimes popped down to the villages to father a child or two. Though Spaniards in other regions are often reluctant to discuss the war, here the *maquis* loom outsize in local mythology.

We talked too of Alfonso XI of Castile, who wrote in his *Book of Hunting* in the first half of the 14th century, of an encounter with 10 bears in the Vieja valley, in just the part we were traversing. His party killed four of them and six escaped; and now, when the path is opened up again and signposted – later this year, perhaps, in the service of country hikers – it will be known as the Ruta de Alfonso XI.

> By chance, we met an old lady crocheting in the shade of a rubbly wall

Eventually, we climbed out of the valley, breasting the high ridge again, coming down at walk's end to the village of Navezuelas, red in the face and wet with sweat (I'm speaking personally here) to drink iced beer with the village mayor in the bar of J&B Disco.

In the event we went on a little further, in Pedro the Schoolmaster's vehicle – hoping to see griffon vultures and maybe Egyptian vultures, too, much honoured among birdwatchers – to a tiny, half-empty village called Cabahas del Castillo.

The civil war went with us. For here, by chance, we met an old lady crocheting in the shade of a rubbly wall. There had been a visitor to the village recently, who claimed a personal connection with the place.

"Yes," the old lady said, "I told her her grandmother was the one who went with the priest. He tried to escape in a straw hat when the war came but someone from Cahamero recognised him and killed him in the mountains."

It was a scramble up to the castle, on a crag almost directly above the houses, but we were gratified to see a sign which read, *"Por favor, no tiren piedras al pueblo."* Please don't throw stones at the village.

High overhead, vast birds were rising on the thermals; and as we rested, in agreeable exhaustion, at the foot of a medieval tower, most probably Moorish, we hardly bothered to raise our binoculars.

■ *Adam Hopkins took his car to Bilbao on the P&O ferry from Portsmouth and then drove to Extremadura. Tel: 0990-980555 for details of fares and sailings.*

■ *For further information: Spanish National Tourist Board, 22-23 Manchester Square, London W1 M 5AP. Tel: 0171-486 8077. In the US tel: +1 212 265 8822 (New York).*

..update ..update..

☐ **EARLY DAYS:** *Get to* know Australia's aboriginal culture on a two-week visit with Prospect, in conjunction with the University of Queensland, next April or October. As well as visits to rock art and ancient tribal lands, see art collections in Sydney and Brisbane, hear talks and poetry readings, visit rainforest, watch opera in Sydney. Cost from £2,995; details from +44 0181-995 2151.

☐ **BLUE SUEDE CRUISE:** Norwegian Cruise Line *mounts* what it reckons is the first cruise to commemorate Elvis Presley's birthday (January 8) next year. Tribute singers, trivia quizzes, replica Graceland cake, and the 10 Flying Elvi will *skydive on to a Bahamas* beach. Details: +44 0800-181560.

☐ **CABBALISTIC:** Take a personalised tour of London in a traditional black cab with Black Taxi Tours of London (+44 0171-289 4371). You can modify the basic route, stop for photos, and get a full commentary from the driver. Two-hour tours cost £65 (a bit more on December 25 and 26) but you can split it among five passengers.

☐ **FAST TRACK:** Eurostar now carries 90 per cent of clients who take short breaks in Paris, and 65 per cent of those visiting Brussels, and has boosted Lille into the top 20 destinations, reports Cresta Holidays (0161-929 0000).

☐ **BORDERS BOOKING:** Take a luxury two-night break at Sunlaws House Hotel on the Scottish Borders for £160: half-board plus a round of golf or clay-pigeon shooting lesson, and golfing, fishing, visiting whisky distilleries or shopping for cashmere in your spare time. Tel: +44 01573-450331.

☐ **JUST THE FAX:** At your aircraft seat soon, a BT airborne fax service. You'll be able to send up to five 40-character lines for about $4.95, without getting up.

☐ **COOK BOOK:** Want a map of Alpine ski resorts, Unesco world heritage sites, Germany's Romantic Road, US climate, the Trans-Siberian railway, European blue flag beaches? All these and more are in the *World Atlas of Travel* (Thomas Cook, £24.99), a travellers' delight, with 200 pages of specialist charts, travel statistics and public transport routes.

☐ **FIRST CENTURY:** Cape Town's luxury Mount Nelson Hotel turns 100 in March, and is celebrating *with a special* three-night package from April 1 to October 1: B&B plus a dinner, transfers, massage or manicure, *from* R950 (£105) a night for a double room. Call Orient-Express, +44 0171-805 5060.

☐ **LONGSHIP:** Royal Caribbean International's Voyager of the Seas will have an atrium, the length of two football pitches and modelled on Burlington Arcade in London. Result: inside cabins with a view. Indoor ice rink, too. It will be launched next October.

☐ **BEAR ESSENTIALS:** view European brown bears from hides on the Russian-Finnish border (you stay in a former frontier guard station) as they feed their new cubs under the midnight sun, on trips with Wildlife Worldwide (+44 0181-667 9158): £1,095 including other wildlife viewing, too.

☐ **GROWTH INDUSTRY:** The Tech Museum of Innovation, at *San Jose in California*, reopens this month six times as big as before, with areas dealing with exploration, communication, biotechnology and innovation – as befits the top museum in *Silicon Valley*.

☐ **IN THE SWING:** Carden Park, near Chester, has become so *popular in* 15 months that it has increased its bedrooms from 125 to 192, and added a Jack Nicklaus residential golf school and new course, bringing the total number of holes to 45. Tel: 01829-731000.

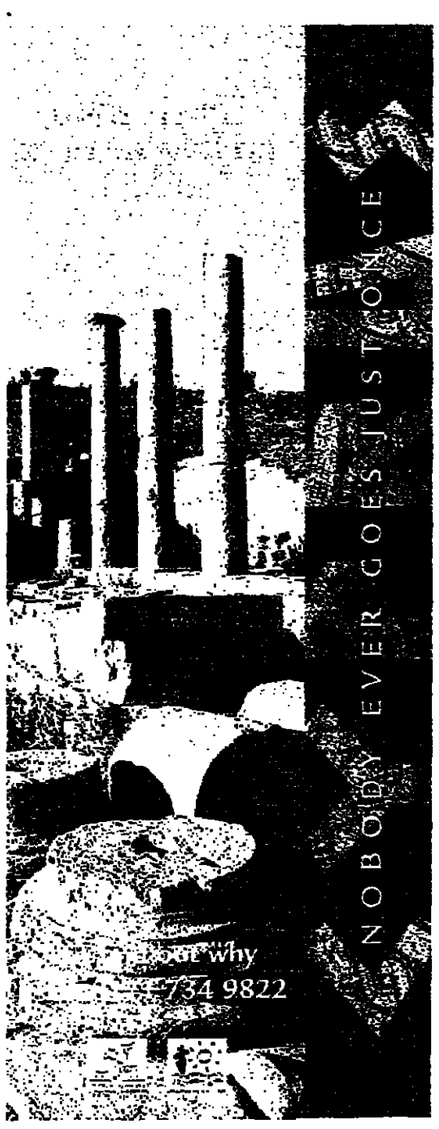
☐ **MEGABITE:** If you see a piranha in the Amazon on a Wildlife Discovery *luxury* riverboat cruise, catch it and the chef will cook it. Look for giant otter, dolphins, even jaguar (don't eat them). Details from +44 01737-223903.

☐ **FREE UPGRADE** to "best car on the site" to the first 25 customers to book weekend rentals at Hertz in Birmingham, Manchester, Newcastle, Leeds and Aberdeen; tel: 0990 906090.

☐ **28 NIGHTS** at the Casuarina Beach Resort, Penang, in January/ *February from* £995, *with* Malaysia Experience (0181-424 9548).

☐ **SPOUSE GOES FREE** when you fly to Beirut with MEA airline (0171-493 5681) before December 13.

John Westbrooke



Heli-skiing

The mountain gods of the Chugach

You really do have to be an optimist for this sport, says **François von Hurter**

We were on a tiny snow platform, barely large enough to put down our equipment, with a vertical rock face dropping 2,000ft on one side and what appeared to be an impossibly steep powder gully on the other.

The landing had been delicate. The pilot had nudged about a third of the helicopter skids on to the snow platform, keeping the engine at full power to keep the tail horizontal as we unloaded skis, poles and rucksacks. It was eight in the evening. We had two hours of daylight left.

The helicopter lifted off, its nose rising briefly before it dived down the mountain face. The sound of the rotors shuddering lasted a few seconds. The helicopter dropped behind a ridge. Then there was absolute silence.

Four of us were standing on the summit of an unnamed and never-skied mountain in the Chugach range of Alaska. The expectation of first tracks – truly first, not just early bird tracks in one's favourite couloir in the Alps – was a powder skier's dream.

Not a breath of wind, an indigo cloudless sky and glaciers walled in by sharply serrated crags. The sun was low; we had already been skiing for nearly 12 hours that day. At this stage we were running on adrenalin and little else.

Our guide, an optimistic young American called Rick, dug a snow hole to check for avalanche risk. "You're gonna like this one," he said laughing. Three short graceful turns and he vanished over a snow bulge; down a slope that we assumed would be giddily steep.

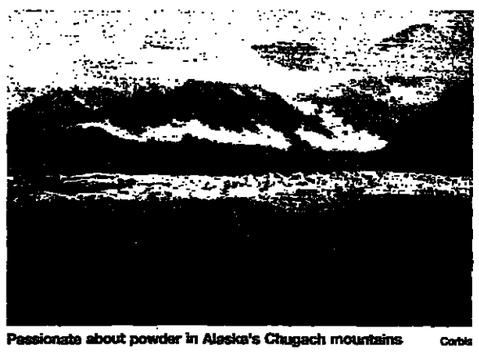
Only six days before we had been sitting at our desks in the City. Now we were trying to imagine what to expect beyond the ridge.

Our guide was invisible, hidden by the sheer steepness of the mountain as he floated down through the powder. After about 10 minutes we heard Rick's laconic command on the two-way radio: "Next."

We knew the drill. In the Chugach you ski one at a time, down the fall line in turns sufficiently tight to control your speed. Avoiding a fall is high on your priority list; perfect style is not. I set off skiing close to the guide's tracks, involuntarily holding my breath as I went over the bulge into a wall of near vertical powder.

You have to be an optimist to engage in this sport. In my case fear often creeps in to steal the scene. I locked into a ragged rhythm, concentrating on my turns and beginning to enjoy things as the slope eased a bit.

There were rock buttresses on either side, funnelling the snow into a narrow slot. Safely tucked away below the slot was Rick. I made my way down to him, stopped just below, also in the lee of the buttress, and we exchanged slightly crazed grins. "Epic line," he said, watching the others ski the slope, one at a time.



Passionate about powder in Alaska's Chugach mountains Corbis

For three years I had dreamt of coming to Alaska. I had seen pictures of pyramid-shaped mountains with perfect snow fluting, powder tracks coming down in long sensual curves. I had heard stories about Chet Simmons, the legendary Chugach pilot who pioneered heli-skiing in the area.

We had arrived a week earlier in Anchorage and driven six hours to the Tsaina Lodge. This was to be our base, a wooden structure near Thompson Pass on the highway linking Fairbanks to Valdez.

Valdez is a small port that houses the southern terminal of the Trans-Alaska pipeline: it made unfortunate headlines when the eponymous tanker spilled its contents a few years back.

There we met Doug and Emily Coombs, owners of Valdez Heli Ski Guides, which organised our stay in Alaska. Emily took one look at our ski mountaineering gear. "You guys must shop together," she said, a smile only partly suppressed. She was an attractive woman and one of the best free skiers and guides in America. So much for our macho attitude.

Armed with identical skis and touring bindings, we walked over to the helicopter for our safety briefing. We were then instructed on basic helicopter, avalanche and skiing procedures. It became apparent that the Coombs were passionate about mountains, highly respectful of the potential danger and keen to share their passion with us.

The World Extreme Skiing Championships had brought them to Alaska nearly a decade ago. They had fallen under the spell of this gigantic state and its virgin mountains.

Chugach mountain range is 250 miles long and, in parts, 62 wide – the size of the Austrian and Swiss Alps combined but without human settlement. They will be making first descents here for many years to come.

The briefing continued: "If the aircraft is grounded and catches fire just get as far away as possible. The extinguisher is useless if the fuel ignites."

As we flew off I thought of the guide's calm explanation: "Before starting down any slope look for islands of safety, areas protected by cliffs or rock ridges, that you will hopefully ski to if a slide is set off. If you are caught in a slide fight your way to safety. Fight like a mad dog. What you do in the first seconds will determine whether you live or die."

Our week did not require the intervention of canine reflexes. The mountain gods were with us.

We skied in total bliss for a week. Descents started in knee-deep powder and then, with a slight change of exposure, were transformed into silky corn snow in the space of two turns. We saw white mountain goats, eagles and ptarmigan.

Of wolf and bear we saw only tracks. We did not linger in areas tracked by bear: this was May and slightly bewildered, hungry mother bears were emerging with their cubs. Not a good time to be about, we were told.

Each descent was an adventure, carefully prepared, entered into gingerly and skied with respect. A mad form of meditation.

Evenings were spent at Tsaina, drinking at a well-worn bar before enjoying an invariably late dinner. Guides, clients and other adrenalin junkies returned from the mountain at 8.30pm or 9pm clanking into the lodge with ice screws, carabiners and other gear still attached to their safety harnesses. Conversation was strictly about couloirs, peaks and the day's skiing.

Lisa, the lodge owner, believed in keeping things simple. The food was delicious, the cabins free of phones or faxes.

Doug and Emily saved the best for last. On our ultimate day we were to ski from our base in the Chugach to the Pacific Ocean and back. We started early and skied one intoxicating descent after the other, leap-frogging our way south from Thomson Pass to Cordova, a fishing village accessible only by boat.

The Gulf of Alaska became visible on the penultimate mountain ridge before Cordova. A dark blue strip on the horizon where the glacier plunged into the ocean. The last run took us almost to the water's edge.

We spent the late afternoon and evening exploring our way back, trying to ski new peaks and glaciers all the way to the lodge. We eventually clattered in, the night falling as rapidly as the temperature, exhausted, happy and ready to plan our next visit to the wilderness.

■ *François von Hurter skied with Valdez Heli Ski Guides, PO Box 25029 Jackson, Wyoming 83001. Email: doug coombs@blissnet.com. Tel: +1 907 835 4258.*

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INTERNATIONAL ARTS GUIDE

What's on around the world

■ ADELAIDE

OPERA
State Opera of South Australia
The Ring: first cycle of Wagner's opera. Staged by Pierre Strosser and conducted by Jeffrey Tate, this performance of The Ring is the first in Australia since 1913; to Nov 24. The second cycle follows from Nov 27 to Dec 4

■ AMSTERDAM

EXHIBITIONS
Rijksmuseum
Tel: 31-20-673 2121
● The Festival of Lithography: celebration of the 200th anniversary of the discovery of lithography. Based on the mutual repulsion of water and fat, it is new printing technique represented a major advance: for the first time it was unnecessary to scratch and cut into a plate. The exhibition consists of works from the collection, including lithographs by Toulouse-Lautrec, works by Cézanne, Manet, and Dutch artists including Van Gogh; to Jan 10
● Van Gogh in the Rijksmuseum: during the period of the Van Gogh Museum's closure for renovation and building work, a selection of its finest holdings will be exhibited in the Rijksmuseum's South Wing; to Mar 7

Stedelijk Museum
Tel: 31-20-5732911
www.stedelijk.nl
Bill Viola, 25 Year Survey - A Video Journey: major survey of work by the American video artist. Includes more than 15 installations and 20 video tapes, as well as sketches and notes; to Nov 29

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
The Rake's Progress: by Stravinsky. Conducted by Reinbert de Leeuw in a staging by Peter Sellars. Cast includes Donald McIntyre, Thomas Randle and Willard White; Nov 23, 26

■ BOSTON

EXHIBITION
Museum of Fine Arts, Boston
Tel: 1-617-267 9300
Monet in the 20th Century: more than 80 works painted by the artist in the last decades of his life. Beginning with paintings of the garden at Giverny, the show concludes with five of the monumental water lily paintings that Monet called Grandes Décorations; to Dec 27

■ CHICAGO

CONCERTS
Orchestra Hall
Tel: 1-312-294-3000
www.chicagosymphony.org
● Chicago Symphony Orchestra: conducted by Pierre Boulez in the world premiere of Thomas's Orbital Beacons, and in works by Debussy. With the women of the Chicago Symphony Chorus conducted by Duain Wolfe; Nov 27, 28

EXHIBITIONS
Art Institute Of Chicago
Tel: 1-312-443 3600
www.artic.edu
● Art and Archaeology of Ancient West Mexico: more than 200 works, including terracotta figures found in tombs, and findings of recent excavations. Many of these objects have never before been publicly exhibited; to Dec 6
● Julia Margaret Cameron's Women: 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell. Cameron's portraits of Browning, Darwin and Tennyson are well known. Her dramatic, psychological pictures of women are less familiar. The exhibition will travel to San Francisco; to Jan 3

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
Ariadne auf Naxos: by R. Strauss. New production by John Cox, conducted by Robert Spano. Cast includes Deborah Voigt and Susan Graham; Nov 21, 24

■ COPENHAGEN

EXHIBITION
Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
Joan Miró: major retrospective comprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10

■ EDINBURGH

EXHIBITIONS
Royal Museum
Tel: 44-131-225 7534
www.nms.ac.uk
Chinese Lacquer: 48 objects selected from the museum's lacquerware collection, the oldest of which is more than 2,000 years old. Highlights include an eared cup from the Han dynasty and two 18th century Qing thrones; to Mar 28

Scottish National Portrait Gallery
Tel: 44-131-624 6200
Robin Gillanders: Little Sparta. Photographs of the painter Ian Hamilton Finlay's garden at Dunsyre in the Pentland Hills. Gillanders has been working there since 1993, and the display includes a range of collaborative works - posters, prints and postcards; to Nov 29

OPERA
Edinburgh Festival Theatre
Tel: 44-131-529 6000
Scottish Opera: Tristan und Isolde, by Wagner, in a production by Yannis Kokkos, directed here by Peter Watson and conducted by Richard Armstrong. Cast includes Jeffrey Lawton and Eva-Maria Bundschuh; Nov 21

'Last Judgment' by Jan van Cleve (c.1485-1540/1) is one of the works displayed in 'From Van Eyck to Brueghel: Early Netherlandish Painting', an exhibition at New York's Metropolitan Museum of Art

■ FRANKFURT

EXHIBITION
Schirn Kunsthalle
Tel: 49-69-299 8820
Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3

■ HELSINKI

DANCE
Finnish National Ballet
Tel: 358-9-403 021
Giselle: staging by Sylvie Guillem. With sets and costumes by Ramón B. Ivars. Conducted by David Garforth; Nov 24, Nov 26, 28

EXHIBITION
Museum of Contemporary Art
Tel: 358-0-173 361
Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations as well as neon pieces like One hundred live and die (1984); to Jan 24

■ HUDDERSFIELD

CONCERTS
Huddersfield Contemporary Music Festival
Tel: 44-1484-430 528
● BBC Scottish Symphony Orchestra: conducted by Tan Dun in the UK premiere of his opera Marco Polo. Concert performance, with the Chorus of the Royal Scottish Academy of Music and Drama; Town Hall; Nov 22
● Elliott Carter 90th Birthday Tribute: works by Carter, including the European premiere of his Piano Quintet, performed by the Arditti String Quartet and pianist Ursula Oppens; St. Paul's Hall; Nov 27
● Estonian Philharmonic Chamber Choir: conducted by Tonu Kaljuste in the UK premiere of Arvo Pärt's Canon of Repentance; St. Paul's Hall; Nov 23
● Nash Ensemble: conducted by Martyn Brabbins in works by Turnage, Simon Holt and John Casken. With mezzo soprano Jean Rigby and oboe soloist Gareth Hulse; St Paul's Hall; Nov 21

DANCE
Huddersfield Contemporary Music Festival
Tel: 44-1484-430 528
Jonathan Burrows Group: three dancers perform new work drawing on music and ideas by Matteo Fargion, Tom Johnson and Kevin Volans. Lighting by Michael Hulls; Lawrence Batley Theatre; Nov 24

OPERA
Huddersfield Contemporary Music Festival
Tel: 44-1484-430 528
Opera North: The Nightingale's to Blame. World premiere of a new opera by Simon Holt, based on a play by Lorca, translated by David Johnston. The conductor is Nicholas Kok and the staging is by Martin Duncan; Lawrence Batley Theatre; Nov 21, 22

■ LISBON

EXHIBITION
Fundaçao Arpad Szenes - Vieira da Silva
Tel: 351-1-388 0044
Alberto Giacometti: Arpad Szenes and Vieira da Silva met Giacometti in the 1930s, through gallery owner Jeanne Bucher. The 19 sculptures and 20 drawings on display here are loaned by the Maeght Foundation, Saint-Paul, and include such famous pieces as Femme de Venise and Homme qui marche; to Jan 31

■ LONDON

CONCERT
Barbican Hall
Tel: 44-171-638 8891
● London Symphony Orchestra: Sir Colin Davis conducts a series of works by Elgar; Nov 25

EXHIBITIONS
National Gallery
Tel: 44-171-839 3321
Mirror Image: Jonathan Miller on Reflection. Show exploring the representation of mirrors in art, curated by Miller and featuring loans from public and private collections. Includes Van Eyck's famous Arnolfini Portrait, and works by Freud, Caillebotte and George Romney; to Dec 13

Royal Academy of Arts
Tel: 44-171-300 8000
● Charlotte Salomon: born in Berlin in 1917, Charlotte Salomon died in Auschwitz in 1943, after living in hiding in the south of France for three years, during which time she produced a series of 769 gouaches called Life? Or Theatre?, exhibited here, which has been interpreted as a form of self-protection against the violence of the Nazi era; to Jan 17
● Picasso: Sculptor and Painter in Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited. They will be shown with some paintings and sculptures, demonstrating how Picasso developed his ideas across different media; to Jan 1

Tate Gallery
Tel: 44-171-887 8000
John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private loans. Includes late landscapes and American and British society portraits from the 1880s to the early 1900s; to Jan 17

Victoria and Albert Museum
Tel: 44-171-938 8500
● Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10
● Grinling Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece. The exhibition also aims to present some historical context; to Jan 31

OPERA
English National Opera, London Collseum
Tel: 44-171-632 8300
Boris Godunov: by Mussorgsky. Conducted by Paul Daniel in a new staging by Francesca Zambello. John Tomlinson sings the title role; Nov 24, 27

■ MARTIGNY

EXHIBITION
Fondation Pierre Gianadda
www.gianadda.ch/index.html
Paul Gauguin retrospective: organised to mark the gallery's 20th anniversary. More than 100 works have been borrowed from public and private collections from around the world; to Nov 22

■ MILAN

EXHIBITION
Pinacoteca di Brera
La Dama con l'Ermellino: Leonardo da Vinci's 1489 portrait of the young mistress of Ludovico Il Moro travels to Italy for the first time since 1800, when it was purchased by the Polish Prince Czartoryski; to Dec 13

■ MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
Munich Philharmonic Orchestra: conducted by Zubin Mehta in works by Liszt, Beethoven and Berlioz. With piano soloist Radu Lupu; Nov 21, 23, Nov 24

EXHIBITION
Haus der Kunst
Tel: 49-89-211270
The Night: exploring the development of the nocturne, or night time scene, in western art from the 15th to the 20th century. Includes early examples by artists including Cranach, Baroque works by Caravaggio and his followers, and works by the German Romantics. Other artists represented include Goya, Munch, Max Ernst and Magritte; to Feb 7

■ NAGOYA

EXHIBITION
Matsuzakaya Art Museum
The Carmen Thyssen-Bornemisza Collection: touring show of 94 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works and works by American painters; from Nov 21 to Dec 8

■ NEW YORK

CONCERT
Avery Fisher Hall, Lincoln Center
Tel: 1-212-875 5030
www.lincolncenter.org
New York Philharmonic: conducted by Christian Thielemann in works by W. Schuman and R. Strauss. With cello soloist Carter Brey; Nov 21

EXHIBITIONS
Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
1999, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée national d'art moderne for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. The display, which seeks to highlight differences as well as similarities between the collections, includes works by Picasso, Matisse, Kandinsky and Chagall; to Jan 24

Guggenheim Museum SoHo
Tel: 1-212-423 3500
www.guggenheim.org
Premises: Invested Spaces in Visual Arts, Architecture & Design from France, 1958-1998. Exploration of the different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle; to Jan 10

Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
● From Van Eyck to Brueghel: Early Netherlandish Painting. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3
● Heroic Armour of the Italian Renaissance: Filippo Negroli and His Contemporaries. Comprehensive survey of the classically inspired armour made by the most celebrated Italian armourer of the 16th century. Includes more than 60 richly decorated suits of armour, worn by Renaissance kings and captains. Includes public and private loans from Europe and North America; to Jan 17
● Letters in Gold: Ottoman Calligraphy from the Sakip Sabanci Collection, Istanbul. 70 objects ranging from the 15th to the 20th century. Includes manuscripts, panels and scrolls; to Dec 13

Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org
Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar - then transferring to London; to Feb 2

Whitney Museum of American Art
Tel: 1-212-3272801
Mark Rothko: major retrospective of the American abstract artist, including loans from Europe and Japan. The 100 works on display encompass all phases of Rothko's career, from the late 1920s to 1970, with an emphasis placed on the so-called surrealist and classic periods. The show arrives from Washington and will be in Paris, at the Musée d'Art Moderne de la Ville, through the winter (dates to be announced); to Nov 29

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
● La Bohème: by Puccini. With Julius Rudel conducting and a cast which includes Francesca Pedaci, Gwynne Geyer and Vladimir Grishko; Nov 25
● Le Nozze di Figaro: by Mozart. New staging by Jonathan Miller, with designs by Peter Davison. The cast is headed by Felicity Lott, Cecilia Bartoli and Bryn Terfel, and the conductor is James Levine; Nov 21

■ OTTAWA

EXHIBITIONS
National Gallery of Canada
Tel: 1-613-990 1985
Songs on Stone: James McNeill Whistler and the Art of Lithography. Previously seen in Chicago, around 200 works by the American expatriate, including drawings, etchings and paintings; to Jan 3

■ PARIS

CONCERTS
Salle Pleyel
Tel: 33-1-4561 6589
Orchestre de Paris: conducted by Frans Brüggen in works by Schumann and Mendelssohn. With violin soloist Thomas Zehetmair; Nov 25, 26

EXHIBITIONS
Couvent des Cordeliers
Tel: 33-1-4046 0547
S'asseoir au XXe siècle: display devoted to the evolution of the chair, including major examples of 20th century design; to Dec 17

Espace Electra
Tel: 33-1-4284 2360
Photographic Fictions; from Nov 24 to Jan 1

Grand Palais
Tel: 33-1-4413 1730
Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition will has been seen in Washington and Bergamo; to Jan 11

Musée d'Orsay
Tel: 33-1-4049 4814
www.Musee-Orsay.fr
● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3
● Stéphane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his influential relationships with his literary and artistic contemporaries; to Jan 3

OPERA
Opéra National de Paris, Opéra Bastille
Tel: 33-1-4473 1300
www.opera-de-paris.fr
The Merry Widow: by Franz Lehár. Conducted by Armin Jordan and with a cast including Frederica von Stade and Hakan Hagegard; Nov 21, 23, 25, 27

■ PHILADELPHIA

EXHIBITION
Philadelphia Museum of Art
Tel: 1-215-763 8100
www.philamuseum.org
Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40 works on paper from private and public collections around the world; to Jan 3

■ PORTO ALEGRE

EXHIBITIONS
Various venues
I Mercosur Biennial of Visual Arts: retrospective of Latin American art comprising works by 200 artists from seven countries: Brazil, Uruguay, Argentina, Paraguay, Bolivia, Chile and Venezuela. Held in 11 locations around the city, the works are grouped under three headings: Constructive, Political and Cartographic; to Nov 30

■ ROME

EXHIBITIONS
Palazzo delle Esposizioni
Tel: 39-06-474 5903
Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chirico, this show includes sculpture and paintings, mainly by Italian artists, but also little-known works by Picasso, Klee and Grosz; to Jan 18

Palazzo Ruspoli
Tel: 39-6-6830 7344
www.palazzoruspoli.it
The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian Baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15

■ SAN FRANCISCO

CONCERTS
Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Haydn, Shostakovich and Brahms. With piano soloist Vladimir Feltsman; Nov 25, 27, 28

EXHIBITION
San Francisco Museum of Modern Art
www.sfmoma.org
Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery, the intention being to present the breadth of the artist's career on the occasion of the centenary of his birth; to Dec 1

OPERA
San Francisco Opera, War Memorial Opera House
Tel: 1-415-864 3330
www.sfopera.com
Norma: by Bellini. Conducted by Patrick Summers in a staging by Andrew Sinclair. The title role is sung by Carol Vaness; Nov 21, 24, 28

■ TOKYO

EXHIBITION
Metropolitan Museum of Photography
Tel: 81-3-3280 0031
Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie; to Jan 17

■ WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Bernini's Rome: Italian Baroque Terracottas from the State Hermitage Museum, St. Petersburg. 35 rarely exhibited sculptures, bought by Tsar Paul I from Filippo Farsetti. Among the 14 artists represented are Bernini and Algardi; to Jan 18
● Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as The Potato Eaters (1885), Self-Portrait as an Artist (1888), The Harvest (1888) and Wheatfield with Crows (1890); to Jan 3

Phillips Collection
Tel: 1-202-387 2151
Impressionists in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pisarro, Caillebotte, Gauguin and Renoir; to Jan 3

■ ZURICH

EXHIBITION
Kunsthaus Zurich
Tel: 41-1-251 6765
Max Beckmann and Paris: more than 100 masterpieces of modern art from public and private collections around the world. Works by Beckmann are shown alongside paintings by Matisse, Picasso, Braque, Léger and Rouault; to Jan 3

Arts Guide by Susanna Rustin
e-mail: susanna.rustin@ft.com
Additional listings supplied by Art Base tel 31-20-664 6441
e-mail: artbase@pi.net

Weekend Investor

Wall Street

Bear market? It's really a load of bull

The rally since late August is nothing short of spectacular, says **John Authers**

Wall Street's air-brushes have completed their work. On Tuesday, when the Federal Reserve announced its third rate cut inside two months, the market could finally remove the massive declines it suffered in August.

Now, almost as though a totalitarian government had rewritten the history books, it is as though it never happened. At the time it looked like the the start of a bear market – money flowed out of mutual funds, many of the capital markets dried up completely, and Wall Street's most powerful financial institutions suffered losses.

Virtually every broad-market index was down for the year, and approaching 20 per cent below its peak. The Fed now appears to have provided the necessary stimuli to help the market back on track. Domestic politics have helped, as have the signs that Asian banking systems are finally getting their houses in order.

Thus the rally since the market hit its worst day at the end of August is now one of the most spectacular in history. The Dow Jones Industrial Average and the S&P 500 are both up more than 21 per cent since then, while the Nasdaq Composite, tracking the largest technology companies, is up more than 28 per cent.

As history tends to look at the figures for calendar years, 1998 now looks destined to be remembered as a continuation of the bull market. The Dow is now up 15 per cent for the year, and the S&P almost 20 per cent. Both are testing the all-time highs they set in July.

Fears of a "credit crunch" have been factored out of share prices. So has the possibility of a US recession next year. The problem now is corporate earnings. According to the latest poll by IBES, Wall Street equity analysts are expecting zero growth in earnings for 1998 over 1997 – a figure that makes the 20 per cent growth in that index in the year to date look all the more remarkable.

According to First Call, the prospective price-earnings ratio on the S&P 500 for the next year is 23.6, which is almost back to the record valuation of 23.9 reached at the end of June.

Can earnings possibly continue to grow fast enough to justify valuations now almost as high as ever? Many doubt it, and earnings forecasts now show a wider divergence than ever before.

William Cheney, chief economist at John Hancock, said: "I think the US stock market is very vulnerable over the next year or two just because of the outlook for earnings. In an environment where it seems most companies can't raise their prices and there's a squeeze on labour costs it seems that profits have nowhere to go except down."

As a result, "top-down" equity strategists and economists expecting an increase of only 4.4 per cent for the profits of S&P 500 companies next year.

Meanwhile, polls by IBES and First Call, the main research companies monitoring earnings forecasts, show that "bottom-up" equity analysts are expecting profit growth somewhat in excess of 17 per cent next year.

Company analysts always tend to err on the side of optimism. They have an incentive to show the sector they cover is worth investing in. And, as the graph shows, US companies have found many ways in the last decade to grow their earnings much faster than the rest of the economy, as measured by GDP, is growing. But a disparity on this scale is unprecedented.

Peter Canelo, strategist at Morgan Stanley Dean Witter, estimates that the difference in forecasts has doubled in the last year. A year ago the gap was 7.6 percentage points (7.1 per cent from top-down strategists against 14.7 per cent from stock analysts), almost exactly the same as a year earlier. This year, on Mr Canelo's estimates, the gap is 14.1 per cent.

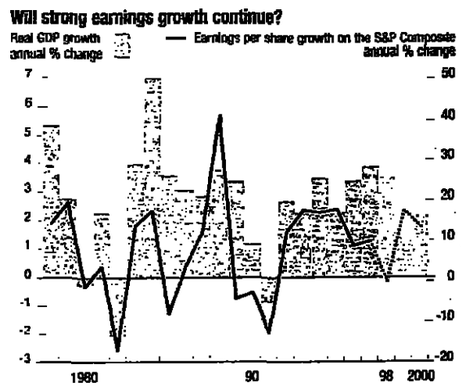
It is tempting to assume that equity analysts have fallen for the hype being fed to them by companies' investor relations departments.

But Mr Canelo suggests that economists may be so much less optimistic because of their failure to factor in several "non-recurring losses" which hit the US corporate sector this year. He estimates these cost $10bn-$12bn.

These included the General Motors strike, the drop in oil prices, and the widespread write-offs taken by international banks after the Russian financial crisis.

Any similarly drastic problems in the next year would still leave the market looking heavily overpriced.

Will strong earnings growth continue?



Sources: Datastream ICV, EPS from I/B/E/S, GDP forecasts from OECD Economic Outlook 64

Dow Jones Ind Average

Monday	9,011.25 +	91.66
Tuesday	8,986.28 –	24.97
Wednesday	9,041.11 +	54.83
Thursday	9,056.05 +	14.94
Friday		

London

Admirable stubbornness

Footsie sails through bad news, says **Philip Coggan**

Lord Nelson, you will recall, put his telescope to his blind eye so he could ignore a signal to leave off battle.

This intransigence in the face of unpromising circumstances is part of the British character. And it was evident again this week as the FTSE 100 index shrugged off unpromising corporate and economic news and resumed its rally.

Brammer, British Steel, Danka, Dialog, Eclipse Blinds, European Motor Holdings, Greenway, Hill & Smith, James Cropper, Northern Foods, Renold, 600 Group, Storehouse, Unigate and VHE Holdings; those were the companies which just this week announced profit warnings or cautious trading statements which caused their share prices to decline sharply.

They blamed the Asian crisis and a slump in UK consumer confidence. They even blamed the weather; and while, in one or two cases, bad management may have also played its part, the spread of companies involved suggests the UK corporate sector is suffering a profits squeeze.

It can be quite hard sometimes to get a handle on the level of UK profit growth, given the different methods analysts have of calculating profits and the different year-ends companies use.

The graph shows one method of calculation – the implied earnings reached by dividing the FTSE All-Share index by its price-earnings ratio. As you can see (and ignoring what looks like a statistical blip in early May), the trend has been flat-to-down since spring.

The economic news is getting worse. Retail sales for October showed a 0.4 per cent drop on the month, which brought the annual rate of growth down to 1 per cent. Ominously, in the build-up to Christmas, non-food sales fell 0.7 per cent on the month.

Third-quarter gross domestic product growth was revised from 0.5 to 0.4 per cent, bringing the annual rate down to 2.3 per cent. That is perfectly respectable but some economists are worried about a rise in inventories.

"The data give further signs that the economy has been supported by an unsustainable inventory build-up, with the biggest quarter-on-quarter rise since 1988. These inventory trends look ominously like those seen going into the 1990-92 recession," says Michael Saunders, UK economist at Salomon Smith Barney/Citibank.

The survey data, from the Confederation of British Industry in particular, points to a much greater slowdown in coming months.

At least, underlying inflation is still in line with the government's target of 2.5 per cent, although the headline figure of 3.1 per cent for October is still high.

However much economists may theorise about the true rate of "core" inflation, it is the headline rate workers will use when negotiating wage rises.

So what, in the face of all this gloom, drove the FTSE 100 index up 132.2 on Thursday and a further 111.3 points yesterday, to close at 5,717.5?

There was talk that a big bid was being lined up, although nothing had been announced by the close of trading.

The US Federal Reserve played its part, cutting interest rates by a further quarter of a point; a move that allowed the Dow Jones Industrial Average to consolidate above 9,000. For blue-chip investors in the US, it is almost as if the bear market never happened.

And the prospects still look good for UK rate cuts. The minutes of the November meeting of the Bank of England's monetary policy committee showed that, not only did all members vote for a cut but one – the former "hawk" Willem Buiter – opted for a three-quarters of a per cent reduction.

Lower rates help the stock market in four ways: by reducing corporate borrowing costs; by lessening the attractions for investors of holding cash; by reducing mortgage rates and thus giving consumers more money to spend; and, as a result of the latter, holding out the promise of an eventual economic upturn.

Some long-running bulls have no difficulty in explaining the rally. Philip Isherwood of Dresdner Kleinwort Benson is keeping his end-year Footsie target of 6,000. He points to the high level of cash held by institutional investors and the possibility that the Bank of England will cut interest rates one more time next month.

"We calculate that not only are (institutional) cash balances 5.3 per cent above their 15-year average but UK pension funds were net disinvestors of £4bn of UK equities in the third quarter. This means a further rally is possible. A further 25 basis points off rates on December 10 will act to squeeze the bears at a time when trading is notoriously thin."

And Corey Miller of Paribas says that on his valuation approach, based on trend earnings, the UK market looks cheap compared with the rest of Europe. Indeed, he says the US's recent valuations were at a significant discount to those recorded in 1990-92, when the UK was experiencing recession.

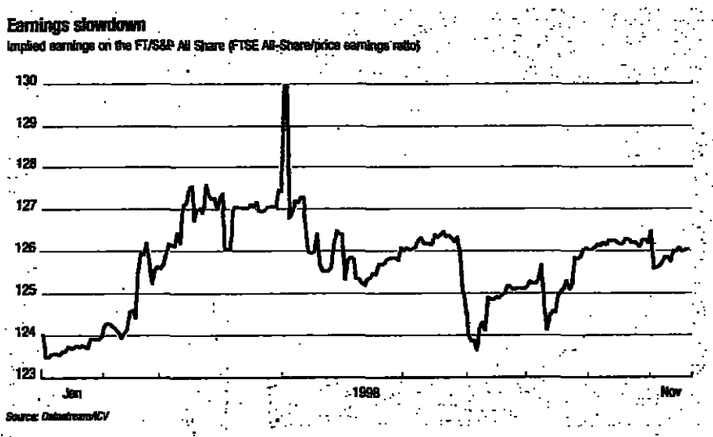
"In an environment where monetary policy is moving from a period of 'very tight' to 'very loose', this will encourage earnings in the next 18 months to move back towards trend. Unlike 1990, the UK is not constrained by a fixed exchange rate regime and there is plenty of scope for interest rates to fall much quicker and for the currency to depreciate."

philip.coggan@ft.com

Nelson's riddle: shipping water but going faster Mary Evans Picture Library

Earnings slowdown

Implied earnings on the FT/S&P All Share (FTSE All-Share/price earnings ratio)



Source: Datastream/ICV

Highlights of the week

	Price y'day	Change on week	52 week High	52 week Low	
FTSE 100 Index	5717.5	+254.3	6179.0	4648.7	Interest rate hopes
ASDA	156½	-6¼	227¼	148½	Overstocking fears
BOC	925	+89	1120	680	Figures at top end of expectations
BTR	95	-10	230¼	91¼	Outlook concerns
Billiton	125	-12	187½	98¼	Dresdner downgrade
British Aerospace	504	+52	587	300	South African order
Dixons	690	+86½	713	459	Warburg upgrades target price
Guardian Ryl Exchange	308	+27	495	227	Bid speculation
ICI	545	-40	1244	412	Disposal programme concerns
Land Securities	795	-59	1190	790	CSFB sell advice
Nat West	1105	+182½	1244	671	Interest rate hopes
P & O Deld	698	+108	1012	485	Results please
Tomkins	282	-16½	393¼	215	Profit-taking
Unigate	492½	-31	738¼	427½	Faces tough trading conditions
Vodafone	880	+70	960	298	Results, favourable outlook

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WOOLWICH

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Barry Riley

Moody blues in Tokyo

Throwing money at the problem may work

There is more gaijin trouble for Japan. This week the US credit rating agency Moody's downgraded Japanese government debt, on the grounds that the economy is sliding downhill and borrowing by the public sector threatens to spiral out of control. Yet Japanese government bond yields remain well under 1 per cent for the 10-year maturity, much lower than in the US, Germany or the UK where governments retain triple-A ratings.

Certainly the economic news is dreadful. There have been three consecutive quarters of economic contraction, machinery orders are down nearly 50 per cent year-on-year, corporate profits are tumbling and department store sales are 6.7 per cent down on a year ago. All this, and a visit from President Bill Clinton too. He helpfully advised that Japan should spend more on foreign goods.

Global investment strategists are puzzling over whether Japan represents a bad hangover from the past or a disturbing glimpse of the future. Is it an economy that has been undermined by bungling politicians? If so, throwing money at the problem (this week's umpteenth reflation package was the biggest yet at Y24,000bn or $200bn) may eventually work. Or is it suffocating in the excessive savings of an ageing population? If that is the case Japan will not recover and its problems may spread elsewhere: rapidly ageing European countries like Germany and Italy are in danger of sliding down the same slippery path of excess capacity, deficient demand and the kind of deflationary spiral that encourages people to postpone spending because goods will be cheaper next year; consumer price inflation is about minus 1 per cent.

Already, however, the Japanese stock market, as measured by the Nikkei average, has bounced up by 15 per cent from the 13-year low of 12,880 reached on October 9. Shares in the banks, most of which are as bust as can be, except for the effective guarantee of the Tokyo government, have jumped by a third; even so, most of the Japanese banks are pariahs in the London money markets where they have to pay nearly 1 percentage point more than the normal rate for their deposits, presumably because other international banks do not believe government guarantees will necessarily extend to them.

Company profits in Japan are tumbling this year by something like 35 per cent which means that on earnings their shares remain expensive: the prospective p/e for the market as a whole (deceptive, because so many companies are making losses) may be over 100. In the depths of a slump, however, brave investors do not look at current profits. They try to assess the potential from a return to something like normal conditions. Even now, alternative value measures such as price to sales ratios often show Japanese stocks to be cheap.

One approach is to look at country weightings. At the end of the 1980s Tokyo represented 45 per cent of the World Index capitalisation. That was plainly much too high. But after years of decline that weighting is now only 9.6 per cent (though more like 20 per cent of the world market excluding the US). Given that Japan still generates 16 per cent of global GDP, is that weighting now, at last, too low? American investors, in particular, are heavily underexposed to Japan, having only an 8 per cent allocation to Japanese stocks in their non-US portfolios, according to a study from Lehman Brothers. That big negative bet has been absolutely right for many years, but it makes money managers nervous whenever they think Japan may be bottoming out.

The concept of reversion to the mean is relevant here. Markets may boom or slump from time to time but eventually they will be drawn back towards some kind of fair value. For all its troubles, Japan remains a powerful economy and the country is the world's biggest holder of overseas assets. This may be the moment for a classic contrarian play – though you will have to buy before there is any evidence of economic and financial recovery, because by the time an upturn is clearly under way the Tokyo market will be much higher.

The trouble is, these arguments have seemed powerful several times before in the 1990s, and although there have indeed been some powerful rallies they have all proved disappointing in the end. In fact buying surges by foreigners in 1994 and again in 1996 succeeded in pushing the Nikkei above 20,000 but to no avail. Japanese investors have mostly remained net sellers throughout, and there is massive overhead supply given that nearly half the Japanese equity market is corporately owned – by banks, or by companies through cross-holdings. Foreigners own 13 per cent of the market, but a much higher proportion of the free float.

A particular long-term hazard for investors in the Japanese stock market is the systematic destruction of equity that is going on. A sustainable cyclical recovery would depend on the retirement of excess capacity and the write-off of insupportable debts. Instead the Japanese are using every trick in the books to postpone the evil day. Busted banks are being propped up instead of closed; companies like Nissan are being supported by government loans; restructuring by large companies is often stalled because of lifetime employment traditions. As a consequence the volume of debt is rising still further, and profit is being eliminated from large sections of the economy. The government is protecting savings deposits but leaving the stock market out on a limb. When the recovery does come massive injections of new equity are going to be required, posing the threat of serious dilution for existing shareholders.

Perhaps the foreign buyers of the Tokyo stock market are at last getting it right. But their erratic judgment since 1989 does not inspire confidence.

For an interactive guide to personal finance, visit http://www.FTQuicken.co.uk

هكذا من الأصل

WEEKEND INVESTOR

■ Results due next week

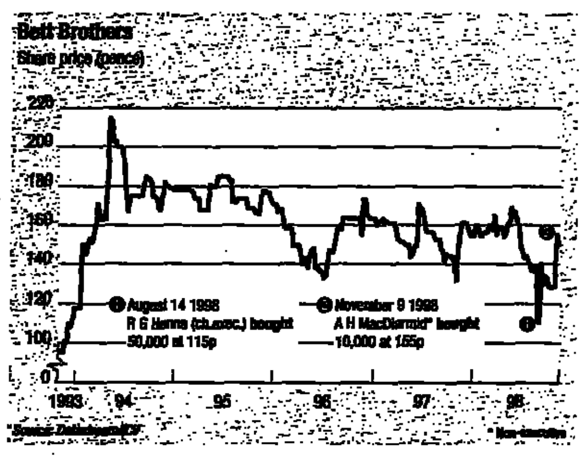
Company	Sector	Announcement due	Last year interim	Dividend (p)* Last year total	This year interim
FINAL DIVIDENDS					
Abacus Polar	Dist	Wednesday	2.9	6.9	2.2
Advanced Power Components	E&EE	Wednesday	0.4	1.2	0.4
Airtours	L&H	Tuesday	4.9	20.0	1.5
Cambridge Antibody Tech	Phrm	Monday	-	-	-
Cosalt	Dist	Tuesday	4.1	11.25	4.5
Ferraris	Hlth	Monday	1.2	3.2	1.4
Granada	L&H	Wednesday	4.88	14.5	8.14
Frantchester	Prop	Monday	-	-	0.4
Jennings	AIM	Wednesday	3.0	7.75	3.0
McLeod Russel	Eng	Tuesday	3.0	7.0	3.1
NHP	Prop	Wednesday	4.5	6.25	5.0
Quadramatic	Eng	Monday	4.1	10.0	4.5
RM	SpSv	Monday	2.3	8.5	2.7
Tate & Lyle	FdPr	Wednesday	6.625	18.33	5.3
YTR	Med	Friday	1.75	4.78	1.75
Yeoman	AIM	Monday	2.5	-	-
INTERIM DIVIDENDS					
Allen	BdCn	Monday	-	-	-
Anglian	BdMa	Tuesday	4.0	10.9	-
BPB	BdMa	Thursday	3.85	11.0	-
Balderton Ind Services	SpSv	Wednesday	-	-	-
Bristol Utd Press	Med	Thursday	6.0	17.0	-
Bristol Water	Wtr	Wednesday	-	-	-
CPL Aromas	FdPr	Thursday	1.9	4.8	-
Cattles	Dist	Tuesday	6.8	14.0	-
Caledonia Inv	OtFn	Thursday	-	-	-
Chloride	E&EE	Tuesday	0.28	1.0	-
Comino	AIM	Thursday	-	2.5	-
DBS Magnet	SpSv	Thursday	1.4	4.5	-
EMI	Med	Tuesday	8.9	30.0	-
Goldshield	Phrm	Monday	-	-	-
[illegible]	BdMa	Monday	0.85	5.0	-
Johnson Matthey	Eng	Tuesday	5.2	18.0	-
London Merchant	Prop	Thursday	-	-	-
Maelor	AIM	Monday	-	-	-
Majestic Wine	AIM	Monday	1.6	5.0	-
Merrydown	AlBv	Thursday	2.1	3.1	-
Mid Kent	Wtr	Wednesday	13.2	33.0	-
National Grid	Elec	Tuesday	5.56	13.91	-
National Power	Elec	Wednesday	7.5	31.25	-
Oriental Restaurant	Brws	Friday	-	-	-
Radstone Tech	E&EE	Wednesday	-	-	-
Salvesen (Christian)	Trns	Monday	-	-	-
Sidgemoor	Dist	Thursday	8.5	2.0	-
Severn Trent	Wtr	Tuesday	3.84	28.57	-
Shires Inc	InTr	Thursday	12.8	4.9	-
Sothebys	Med	Monday	3.0	9.5	-
South Staffs Water	Wtr	Monday	34.0	105.0	-
Southern Elec	Elec	Thursday	7.1	23.7	-
Sterling Inds	Eng	Tuesday	-	-	-
Stockbourne	Prop	Friday	-	-	-
Symonds	E&EE	Thursday	-	-	-
3i	InTr	Thursday	3.9	10.5	-
TBI	Prop	Monday	0.5	1.75	-
Tibbett	Dist	Tuesday	3.75	11.25	-
Victoria	HseG	Wednesday	-	3.50	-
Vocalis	SpSv	Tuesday	-	-	-
VTech ♦	E&EE	Tuesday	0.04	0.14	-
Waddington	PP&P	Thursday	4.7	11.6	-
Yorkshire Water	Wtr	Thursday	8.15	29.35	-
Waterworks	Wtr	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. ♦ US Dollars and cents. ‡‡ 1st quarterly. ♦ 2nd quarterly. ★ 3rd quarterly. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

■ Last week's interim results

Company	Sector	Half-year to	Pre-tax profit (£m)		Interim dividends* per share (p)	
Adam & Harvey	Dist	Sep	1.52	(2.48)	8	(13.5)
App'd Holographics	PP&P	Sep	0.906	(0.056)	-	(-)
Azlan	SpSv	Oct	0.424L	(7.81)	-	(-)
BG ●	GasD	Sep	722	(676)	-	(-)
BTG	SpSv	Sep	6.84L	(4.15L)	-	(-)
Babcock Intl	Eng	Sep	11	(14.5L)	0.8	(-)
Banner Homes	BdCn	Sep	3.96	(4.25)	1	(1)
Beaufort	AIM	Sep	0.22	(0.1)	-	(-)
Bradford Property	Prop	Oct	16.7	(16.8)	4.4	(4.1)
British Biotech	Phrm	Oct	18.2L	(19.8L)	-	(-)
British Small VCT	InTr	Sept†	98.8	(93.7)	1.75	(1.25)
British Steel	Eng	Oct	108	(149)	3	(3)
Cropper (James)	PP&P	Sep	0.88	(1.47)	1.4	(1.4)
Dart	Trns	Sep	3.09	(2.81)	1.27	(1.15)
De La Rue	PP&P	Sep	7.8	(42.3)	4	(7.5)
Dialog ●	Med	Sep	7.98	(1.42)	-	(-)
Emap	Med	Sep	66.4	(47.4)	5.7	(4.95)
Energis	Tele	Sep	16.11L	(30.8L)	-	(-)
European Colour	Chem	Sep	2.07	(1.79)	0.955	(0.865)
European Motor	Dist	Sep	5.04	(6.16)	2.6	(2.8)
FKI	Eng	Sep	72.6	(53)	3.7	(3.2)
Fleebury	InTr	Sept†	254.5	(280.3)	1.7	(1.7)
FirstGroup	Trns	Sep	38.1	(38)	2.5	(2.2)
Fleming Worldwide	InTr	Sept†	59.2	(83.2)	1	(1)
GB Railways	AIM	Sep	0.677	(2.13)	1.5	(-)
Gall Thomson	OilE	Sep	1.23	(1.31)	-	(-)
Glenmorangie	AlcB	Sep	3.33	(4.57)	3.5	(3.25)
Great Portland	Prop	Sep	28.4	(15.4)	3	(2.9)
Greenway	SpSv	Sep	0.22	(0.42)	0.5	(0.5)
HW	SpSv	Sep	1.91	(1.23)	1	(-)
Helical Bar	Prop	Sep	3.24	(8.82)	4	(3.5)
Helphire	Trns	Sep	1.58	(0.818)	0.8	(0.4)
Hyder	Wtr	Sep	107.8	(105.4)	16.8	(15.2)
Investment Co	OtFn	Sep	0.763	(0.38)	2	(1.5)
Jarvis Porter	PP&P	Aug	4.01	(7.03)	2.5	(2.5)
Lambert Fenchurch	Insc	Sep	1.2	(7.1)	1.45	(2.8)
Land Securities	Prop	Sep	144.7	(124.7)	7.85	(7.6)
Macdonald Hotels	L&H	Sep	8.57	(5.58)	1.82	(1.55)
Mansfield Brewery	Brws	Sep	11.1	(11.6)	2.5	(2.35)
Marston Thomps	Brws	Sep	14.7	(15.8)	3.3	(3)
M Currie European	InTr	Oct†	212.6	(193.3)	-	(-)
Merchant Retail	RtGn	Sep	0.355	(0.187L)	0.15	(-)
Meyer Intl	BdMa	Sep	38.7	(28.2)	5	(4.5)
New Look	RtGn	Sep	26.1	(22.4)	1.8	(-)
Norcros	BdMa	Sep	1.2	(6.2)	1.2	(1.1)
Northern Foods	FdPr	Sep	40.2	(42)	2.6	(2.5)
Pillar Property	Prop	Sep	10	(6.85)	2	(1.8)
Porter Chadburn	PP&P	Sep	2.77	(2.88)	0.315	(0.3)
P'mouth & Sund	Med	Sep	8.57	(5.91)	5.97	(4.78)
Quintain Estates	Prop	Sep	4.65	(5.25)	1.5	(1.5)
Rebus	SpSv	Sep	3.88	(2.94)	0.77	(0.7)
Renold	Eng	Oct	8.5	(11)	3.1	(3.1)
600 Group	Eng	Sep	3.89	(3.78)	1.5	(1.5)
Safeway	RtFo	Oct	187.4	(228.8)	4.4	(4.4)
Scapa	Chem	Sep	24.5	(29.2)	2.05	(2.05)
Second London Amer	InTr	Sept†	22.3	(37.3)	-	(-)
Smith (J) Estates	Prop	Sep	1.57	(1.86)	2.1	(2.1)
Sterling Publishing	Med	Sep	1.05	(5.24L)	0.2	(-)
Stoddard	HseG	Sep	2.31	(1.29)	-	(0.375)
Storehouse	RtGn	Oct	38.7	(38.5)	3.7	(3.6)
Superdale ‡	AIM	Sep	0.012	(0.014)	-	(-)
TGI	E&EE	Sep	0.143L	(1.14)	1.2	(1.2)
Thomas Potts	AIM	Sep	0.804	(0.014)	0.06	(0.053)
Toad	EngV	Sep	0.127	(1.17L)	-	(-)
Undervalued Assets	InTr	Sept†	152.54	(168.43)	-	(-)
Unigate	FdPr	Sep	67.5	(67.4)	7.9	(7.5)
Vodafone	Tele	Sep	476.9	(297.5)	3.12	(2.71)
Vosper Thornycroft	Eng	Sep	14.8	(13.8)	9	(8.25)
Whitecroft	Dist	Sep	7.69L	(2.3)	1.75	(1.75)
Workspace	Prop	Sep	3.3	(2.91)	5.5	(5)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L=loss. † Net asset value per share. ‡ Irish punts and pence. ⁂ 3-month figures. ♦ US dollars and cents. ● Previous year end figure. §§ Net asset value. ♥ Pro forma results versus pro forma forecast.
© 9-month figures versus 12-month figures. ♦ 10-month figures. ★ 14-week figures.



■ Current takeover bids and mergers

Company bid for	Value of bid per share**	Market price**	Pre bid price	Value of bid £m's**	Bidder
Abacus Recruitment	191	187½	135	14.32	Carlisle Group
Amber Industrial	130*	128	82½	20.55	Caledonia Invs
Bucknall Grp‡	103*	100	59½	14.7	Citex Grp
Canning (W)	300*	295	288½	88.5	MacDermid
Cassell	100*	122½	45	7.3	Macmillan Pubshg
Cassell	125*	122½	114	9.85	Orion
City Site	26*	26½	18	4.37	Woodhale Estates
Claremont Grmnts‡	18½*	18¼	22½	10.12	Courtaulds Text.
Clyde Blowers	185*	168	142½	24.09	Redwood Group
Cre[illegible] Group	50*	48½	41½	10.15	LTG Technologies
David Brown‡	298*	287½	243½	194.88	Textron Inc
Dennis Grp	475*	470	452½	268.85	Mayflower
Doeflex‡	376*	370	344½	67.87	British Vita
Filofax‡	210*	205½	140	50.19	Day Runner
Gardiner Group‡	29*	28	25	27.02	Rexel Group
Hardy Oil & Gas‡	163¾	165½	166½	267.67	British Borneo
Heritage Bathrooms	220*	215	195½	40.48	Masco
London & Manchstr‡	600*	601½	588½	742.8	Fonds Prvdnt Lfe
MMS Petroleum	29¾	35	25½	3.57	Greenwich Res.
MMS Petroleum‡	35*	35	28	4.27	Ramco Energy
Matthew Clark	243*	240	191½	215.05	Canandaigua
Media Business	107*	106	78½	27.93	MediaCom
Prism Leisure	75*	72½	67½	6.525	Linkwell
Robert Walters	338½	341	278½	83.24	Stellmark
Rubicon‡	235*	230	168	207.27	Appld Power Inc
Sedgwick‡	225*	225	142½	1.25bn	Marsh & McLne Co
Southern Electric	703	703	560½	3.39bn	Scottish-Hydro
TDS Circuits	20*	19	9¼	4.22	Viasystems
TLG‡	175*	174	149½	328.47	Wassall
UPF‡	112½*	115	90	42.86	Hartrade
WCI ‡	120*	118	107½	46.8	Kingfisher
Viglen	24§*	23½	23½	29.28	Amshold Inv.
Waverley Mining	(⁂)	4½	9	1.76	Corporate Resrve

Prices in pence unless otherwise indicated. *All cash offer. §For capital not already held. ‡ Unconditional. **Based on lunchtime prices 20/11/98. §§Shares and cash. † Cash alternative. ⁂ Partial cash alternative; shareholders in James Dickie who accept the offer can choose to receive cash in respect of up to a maximum of 51.6% of their holding. $6M for 26% of Waverley. Corp. Resrve is offering 15p per ord share for up to 11.7m shares through the offer of loan notes, which it would then seek to list on the Ofex market.

Directors' dealings

□ **Alistair McDiarmid**, a non-executive director, bought £15,500 of shares at Scottish builder Bett Brothers, *writes Chris Hill*. Full-year figures on November 5 showed a fall in pre-tax profits to £5.4m (£6.9m).

In August, just before the closed period for directors' dealings preceding these results, Ronald Hanna, chief executive, acquired 50,000 shares at 115p. They now stand at 155p.

□ Two directors were selling at **Rathbone Brothers**, an investment bank. Michael Ingall, chairman, and Mark Pearson, executive director, sold 40,000 and 30,000 shares respectively. Both deals took place at 515p.

Rathbone shares have outperformed the market by 19 per cent over the past year and interims, announced in September, revealed a 44 per cent jump in half-year profits.

■ Directors' share dealings

Transactions in own companies
9th-13th November 1998

Company	Sector	Shares	Value £'000	No of directors
SALES				
Arney	Cons	7,000	48	1
Action Computer Sup	Dist	25,250	48	1
Aromascan	E&EI	550,000	36	1
C & B Publishing	Mdia	425,000	383	1
Dorling Kindersley	Mdia	10,000	24	1
Rathbone Brothers	OthF	70,000	361	2
Hays	SSer	9,850	92	1
Trace Computers	SSer	50,500	46	1
C & B Publishing	Mdia	125,000	95	1*
Prudential Corp	LifA	30,000	243	1*
Tesco	RetF	610,497	922	1*
TRACKER Network PLC	SSer	46,200	243	1*
Colt Telecom	Tel	960,000	6816	1*
PURCHASES				
Bett Brothers	Cons	10,000	16	1
Fairview Holdings	Cons	130,000	106	2
Laing (John)	Cons	80,000	204	2
Premier Farnell	Dist	10,000	20	1
RAP Group Plc.	Dist	300,000	36	5
United Overseas Grp	Dist	650,000	189	3
Independent Energy	Elec	7,500	39	1
Oxford Inst.	E&EI	20,000	38	2
Telemetrix	E&EI	301,755	139	4
Booker	FdPr	250,000	170	1
PIC Int'l Group	FdPr	24,000	18	1
Jourdan	HGod	605,000	243	1
Advance Devlpng Mkt	InvT	50,000	34	1
Pacific Assets Trst	InvT	120,000	49	1
C & B Publishing	Mdia	405,000	365	1
Quarto Group	Mdia	200,000	124	1
Rexam	PP&P	15,555	32	1
Goldsmiths Group	RetG	150,000	180	1
Brandon Hire	SSer	25,000	23	1
Waste Recycling	SSer	4,940	20	1
Brit Amrcn Tobacco	Tbco	4,607	22	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and Aim), including exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. ‡‡= §§=♦=.
Source: BARRA The Inside Track, Edinburgh, 0131-473 7070

■ Last week's preliminary results

Company	Sector	Year to	Pre-tax profit (£m)		Earnings* per share (p)		Dividends* per share (p)	
Advance UK	InTr	Aug†	181.72	(98.30)	1.51	(-)	1.25	(-)
BOC	Chem	Sep	247.2	(445.2)	24.86	(50.31)	-	(30.8)
Berisford	Eng	Sep	59.2	(68.4)	30.8	(37.3)	8.5	(6.8)
Century Inns	Brws	Sep	8.79	(8.5)	14.9	(15.1)	7.7	(7.4)
Ciniqual	Eng	Sep	10.7	(6.73)	26.17	(19.05)	10.47	(8.52)
Enterprise Inns	Brws	Sep	19.2	(12.7)	22.7	(18.2)	8.4	(7.5)
For & Col Euro	InTr	Sept†	407.81	(409.78)	3.3	(1.75)	2	(1.8)
Glasgow Income	InTr	Sept†	68.88	(66.95)	2.91	(2.9)	2.9	(2.8)
Jupiter European	InTr	Aug†	147.79	(141.19)	3.3	(3)	2.75	(2.5)
Probus Estates	Prop	Sep	2.22	(24.86L)	2.4	(-)	-	(-)
Sidlaw	PP&P	Sep	7.87	(21)	9.8	(26.9)	2.75	(2.25)
Tomkinsons	HseG	Oct†	2.81	(1.72)	21.4	(17.8)	11.5	(11.5)
Wardle Storeys	Dist	Aug	15.8	(12.5)	47.5	(32.6)	22	(20.5)
Wigmore Property	InTr	Sept†	100.8	(100.7)	0.42	(0.85)	0.4	(0.8)

In the Pink

Who advises advisers?

The market turned on July 17 this year. But forecasting did little to alert financial instiutions, says James Morgan

James Morgan is economics correspondent for the BBC World Service

One of the questions that is always worth asking is: "What did they say at the time?" By common consent, "the time" that is most interesting to the readers of this column is July 17 1998. That was when the market turned.

"They" at the time were probably Goldman Sachs. After all, the most successful partnership in the world had just announced its coming flotation on the back of a splendid bull market. ("Who advises the advisers?" one asks.)

On July 15, that firm's offering to the investing public was entitled "A Glimpse of How the American Miracle Might End". One way, the paper suggested, was that the US Federal Reserve might have sharply to tighten monetary policy later in the year.

That observation was nearly as interesting as the one that appeared to be the dullest: "We do not anticipate much of a change in the global economic environment in the next six to 12 months." The top economists then said they expected an acceleration in European growth rates.

On July 17, global markets started a rapid slide that might now have come to a temporary end. On August 17, Russia defaulted and the rouble collapsed. On September 17, Tiger Management, a hedge fund advised by Baroness Thatcher, announced what for a day or two were the biggest losses racked up in the market turmoil – $2.7bn – and then we had the Long-Term Capital Management disaster.

Within days, Brazil moved to the edge of catastrophe, the market in emerging market debt dried up, spreads exploded, and bankers worried each other half to death at the annual International Monetary Fund–World Bank jamboree. And the Fed cut rates – three times, in fact.

For somebody who believed that brokerages and investment houses always talk to their book, this was salutary. Goldman Sachs had clearly put its money where its mouth was and not the other way round, so it was a long time before it decided not to float itself. Obviously, the firm was reluctant to accept that there had been "much of a change" in the world economic outlook. In other words, cynics such as me have been forced to accept that major financial institutions do at times spell out their sincerely-held beliefs in public.

> Goldman Sachs had clearly put its money where its mouth was and not the other way round, so it was a long time before it decided not to float. It was reluctant to accept there had been 'much of a change'

This is not always the case, though. If we go back three years, we find banks falling over themselves to apologise for telling what turned out to be either the truth or something very like it. In 1996, the head of Nomura's European management committee wrote an apology to the Czech government because an economist in his employ had suggested that the crown might be devalued by 20 per cent following the elections. The then prime minister, Vaclav Klaus, was livid – but the crown did fall by 10 per cent.

More serious was the action of the bank then known as just Kleinwort Benson. One of its economists had produced a lucid account of Malaysian economic management under the title "Noddynomics". It dared to suggest that the country's prime minister, Mahathir Mohamad, was less then sure-footed in his approach. So he, or his representatives, complained and the publication was recalled and pulped. Many of us wish it had not been, for such prescience was rare: within 18 months, the Malaysian economy had gone from tiger to mouse.

At the time of the Noddynomics affair, The Economist magazine wrote: "Even if they are correct, economists find it hard to resist pressure from within. Because banks do not normally charge directly for their research, the departments that produce it are treated as cost centres.

"Typically, research is paid for by both investment bankers, who float debt and equity issues for firms and governments, and salesmen and traders, who sell these issues to investors. Often researchers get a rough deal . . . if banks really believed in the worth of credible research, they should not gag those who hold contrarian opinions. They might just be right."

But the trouble is that the people in financial institutions who make the money are those who make the deals. There is no system for rewarding good research, and I cannot see any way of reversing the situation: there are firms which devote all their time to research but, even when they hit a bull's-eye with their forecasts, there are few rewards. It is no coincidence that the one organisation which actually issued early warnings about east Asia, the UN Conference on Trade and Development, has very little money, while men who wrote books with titles like *Megatrends Asia* (forecasting an Asian global takeover in the next decade) are immensely rich.

I like to think of what might have happened if, on July 15, those top economists had read the situation right. They might have written: "The market is now at a turning point and the world economy within days will find itself on the brink" (just the kind of sentence structure one enjoys so much in these publications.) But if they had, of course, they might have been blamed for the disasters with which we are today, so many weeks later, all too familiar.

Forecasting disaster is a mug's game, though – much better to say that next year will be the same as this (which will be right 80 per cent of the time.) My favourite bedtime reading remains *Meltdown: The Great '90s Depression and How to Come Through It a Winner*, by William Houston, with an introduction by "Lord William" Rees-Mogg. The early 1990s were going to be an era of total economic disaster thanks, partly, to Mount Pinatubo blowing up.

The serious investor has, it seems, no choice but to study such stuff. But there are always questions he has to ask. Why is this being said? Who employs the forecaster? And remember: even if the forecaster is wholly honest and sincere, that is no guarantee of enhanced accuracy.

Bids

Warburg Pincus buys into Jordan

Warburg, Pincus, the US private equity group, is acquiring almost half of Jordan Grand Prix, the Northamptonshire-based Formula one Motor racing team for about $60m (£36m) in the first direct investment by a financial institution in the World's most popular motor sport.

The cash injection is a big boost for Jordan, a relative newcomer to F1. Eddie Jordan, the colourful Irish co-founder, will keep a majority stake in the company, which the deal values at about $130m. Warburg, Pincus is buying more than 40 per cent of the team.

Abbey National took a step towards becoming the UK's leading consumer finance house by agreeing to buy three businesses from National Westminster group for £347m. It is buying Lombard Motor Finance, Lombard Tricity Finance and Lombard Business Equipment Leasing. They made pre-tax profits of £31m in the first nine months on assets of £4.3bn. The acquisition will lift its share of the consumer credit market to nearly 10 per cent.

LLP, the publisher of Lloyd's list, has merged with IBC, the specialist publisher and conference group, to form a company called Informa. The combined company, which will have 5m customers in 16 countries, will be valued at about £315m. Most of the benefits are likely to come from increasing revenues from cross-selling products, as opposed to cost reduction.

Allied Carpets, which was hit this year by the discovery of irregular accounting and a deterioration in its trading, is to sell 27 stores to Carpetright, the rival run by Lord Harris of Peckham. Subject to shareholder approval, the stores will be bought for £12m cash, with an estimated further £1.6m for stock.

Thorold Barker

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FT WEEKEND

Metropolis

Memorial with no redeeming features

It's vast, hideous, embarrassing and, even worse, Leipzig's monument to German militarism is coming apart at the scenes, says Anthony Barber

Creeping inside clammy walls to the top of Europe's largest and ugliest war memorial, giddy from climbing endless, twisting stony steps, wet, cold, short of breath and nauseated by the rank smells of decades of public neglect, the visitor is struck by two thoughts.

Why am I inflicting this experience on myself? And why did the Germans ever inflict this monument on themselves?

It is an object of rare hideousness, Leipzig's 300,000-tonne, 91-metre high Memorial to the Battle of the Nations. Like a slimy colossus, blackened by pollution and coated with a slick moss that is mamba-emerald in colour, it towers above the city's south-eastern suburbs, defiantly stumpy and graceless.

Yet some connoisseurs of tasteless architecture actually prefer its dark, dismal interior to the wretched outside. How could it be otherwise when each of the four muscle-bound giants brooding in the memorial's so-called Hall of Fame weighs 400 tonnes and is 9.5 metres high? Their granite noses alone could flatten a man.

The unsmiling Teutonic quartet are called – in order of translatability into English – Courage, Strength of Faith, National Power, and Willingness to Sacrifice. Such were the qualities deemed, at the time of the monument's construction, to typify the German people. It took 26,500 individual blocks of stone to prove it.

The plain fact is that, unless one is a granite fetishist or a gigantomaniac, the memorial has almost no redeeming features. Even by German standards, its 21-letter name is an unpleasant mouthful: *Das Völkerschlachtdenkmal*.

Erected before the first world war, at a time when puffed-up imperial German militarism was at its height, the memorial commemorates the victory of the Prussians, Austrians and Russians over Napoleon's French-led forces outside Leipzig a century earlier in October 1813.

Today, Leipzig's city fathers cannot think what to do with such an embarrassing memorial. It is not just that the monument is in essence a celebration of German military achievement, and such celebrations are not the Done Thing in *today's Germany; more pro*saically, the problem is that the memorial is rotten and will cost a good DM30m (£10.7m) to restore.

There is no question about the need for repairs. The stony exterior is cracked, mouldy, gnawed by pollution, crumbling away. Inside, dampness pervades. Puddles of water have settled on many of the 364 steps that spiral up claustrophobically from the crypt, home to 16 massive granite warriors arranged in a circle, to the external observation tower.

From there, one can observe the heavy industrial machinery still busy eliminating Leipzig's Stalinist heritage more than nine years after East Germany's anti-communist revolution.

Just as the memorial was originally funded partly out of public subscriptions, lotteries, and contributions from German nationalist leagues, so Leipzig's city museum has come up with an idea for saving the monument. It is an idea that *speaks volumes about the* identity and self-perception of today's Germans.

When the memorial was built between 1900 and 1913, the purpose was to give homage to the martial German spirit that had secured Napoleon's downfall and would doubtless be needed in the future to keep the French and other enemies at bay.

Memorial has piled up problems for Leipzig's city fathers

Those present at the official opening, on October 18 1913, included Kaiser Wilhelm II and Austria-Hungary's Archduke Franz Ferdinand, whose assassination in Sarajevo eight months later started the war in which this German spirit was once more prominently on display.

United Germany's first democratic experiment, the weak and demilitarised Weimar Republic, did not worry much about the monument. But between 1919 and 1933 *soldiers still laid flowers at* the crypt's eternal flame in honour of those who had died in 1813.

Under Adolf Hitler's dictatorship, it was a different matter. As in Berlin or Nuremberg, the Nazis and their paramilitary gangster units liked to use historic public places as a backdrop for their pompous choreographed processions. Outside the Leipzig memorial, a large reflecting pool and open green expanses furnished a suitable setting.

When communism came to this part of Germany, so did a new interpretation of the monument's significance for Germans. East Germany's rigidly pro-Soviet and humourless first leader, Walter Ulbricht, turned the fact that Russians had fought on the side of Prussians in 1813 into an excuse for regarding the monument as a symbol of eternal Soviet-German friendship".

None of this fits remotely into modern Germany's self-image as a peaceful, *almost self-effacing country*, ashamed of its past nationalist excesses and committed to reconciliation with its neighbours.

The Leipzig museum has therefore asked the city council whether it might consider uniting the monument with other memorials across Europe in a "Union of Monuments to Peace from the Iberian Peninsula to the Volga".

The proposal seems both bizarre – how, in practice, can one "unite monuments"? – and inappropriate. For if the Leipzig memorial has anything at all to be said for it, it is that it faithfully tracks all the divergent paths, terrible and tragic though some have been, that German history has taken in this century.

There is no point trying to erase this history. Perhaps it *would be better to go ahead* with the repairs and put up an exhibition showing how different German political authorities have harnessed the memorial to their own propagandistic purposes.

Or perhaps the city authorities should just pull down the monument – it is, after all, exceptionally grotesque – and construct a museum or open-air site focusing solely on the theme of the Napoleonic wars and the battle of 1813. After all, the Battle of the Nations was a turning point in European history and, up to that date, the biggest battle fought on European soil.

That is why war and military costume enthusiasts popped up in Leipzig the other weekend for the battle's 185th anniversary.

Whatever the authorities do, the story of the Leipzig *memorial will not be over* for a long time. It offers one more proof that the harder Germans try to scale the mountain of their history, the larger that mountain seems to loom in front of them.

Arcadia

Winged gods of the desert

Turkmenistan's horses were beloved of Alexander. Carlotta Gall understands why

My horse was clearly at home in the desert. He stepped lightly and easily through the deep, golden sand, turning his head to look across to the distant mountains and giving me a glimpse of his profile. It was enough to make you catch your breath. Proud carriage, straight nose and tall, curved ears.

He was a pure-bred Akhal-Teké stallion, one of the most ancient and noble breeds in the world, native to Turkmenistan, a remote desert land in former Soviet Central Asia on the eastern shore of the Caspian Sea. Prized by Alexander the Great and the Parthian *kings, the Akhal-Teké has* been around for 4,000 years, but is little known today, largely because of the isolation of Soviet times.

The Turkmens are out to change that. They are inordinately proud of their horses, and have made the Akhal-Teké their national emblem. There are only about 2,000 pure-bred Akhal-Tekes in the world today, most of them in Turkmenistan, descended from just 17 bloodlines.

At the Hippodrome on the edge of the capital, Ashgabat, I was offered a ride on one of the young stallions, under training for showjumping.

He was called Paikhasli, Turkmen for Charmer. His coat was a glistening black and his movements silky light. There was something of the Arab horse in him, and the hint of an English *thoroughbred. But his tall*, upright neck and high head carriage was unique and a little strange. It was, I learnt, the Akhal-Teké look. The mares and foals we passed lifted their heads in the same way.

I was slightly disappointed they had not selected a golden horse for me. I remember aged 10 seeing an Akhal-Teké in a neighbour's stables in England. He was skinny and angular but his coat was like molten gold and shimmered as if he were on fire. It turns out only some are gold, the others are black, bay, grey and dun, but even they have an unusual sheen to their coats.

We picked our way over a couple of disused irrigation canals, and passed a pipeline noisily hissing with escaping gas. The detritus of the Soviet Union is as ugly in Turkmenistan as anywhere else.

But suddenly the empty *desert stretched before us.* We set off at a gallop, brushing through small scrub bushes and seemingly floating over dunes of deep sand.

We dropped down into a hollow and I felt Paikhasli pick up speed. Suddenly we were racing, his narrow legs flying out in front of him. I was slightly out of control but I didn't care. This horse was no careless thoroughbred who would put his foot in a rabbit hole. I could not really feel the ground anyway.

"If the carpet is the Turkmen's soul, the horse is his wings," goes a favourite proverb here.

I would have galloped all the way to Iran, 40km to the south, but reluctantly pulled up. We slowed to a walk by a pond of water surrounded by golden reeds. Skylarks spi*ralled into the air with a* curious high-pitched call. We paused to test the silence and sense of space. The early morning sunlight was warm on our backs. Paikhasli stood stock still, showing an oriental calm even though we had just been galloping.

My guide, Alexander Meredev, caught up with us on his five-year-old grey stallion. "So now will you write that the Akhal-Teké is the best ride in the world?" he asked with a laugh. "And you will say that the Turkmens want to show the world what the Akhal-Teké can do?"

Alexander is one of a team training Akhal-Tekés for the showjumping circuit. They were as agile as a cat, he said, gymnastic in their movements and capable of jumping over two metres. What is more they were even-tempered, intelligent and trusting.

> Suddenly we were racing, his narrow legs flying out in front. I was slightly out of control but I didn't care

The Akhal-Teké is traditionally known for its speed and stamina across the hot merciless Karakum, or Black Sand, desert, that makes up most of Turkmenistan. His forebears bore the Turkmen warrior tribes through centuries of wars and marauding. The Russian general Kaufman who fought them in the 19th century once *called them the most form*idable light cavalry in the world.

They say that Alexander the Great's beloved horse Bucephalus was an Akhal-Teké but that might just be a myth. Certainly Alexander did come through the region and used the horses for his campaigns because of their endurance. The Parthian kings who ruled a vast empire from their capital Nisa, not far from Ashgabat, prized them too and developed the breed.

But one of the Akhal-Teké's lasting contributions to history is that it was one of the forefathers of the English thoroughbred. The Darley Arabian, one of the three original sires brought to England in the 17th century, was said to have been an Akhal-Teké.

Not everyone believes it, but just looking at these horses I am convinced. The classic head of an Akhal-*Teké is broad at the top*, tapering to a small muzzle that should fit into your palm. Pure Stubbs.

Nowadays they race Akhal-Tekés on the sand track of the Ashgabat Hippodrome, long-backed, long-legged horses, ridden by young jockeys in very short stirrups.

They cannot touch the thoroughbred over short distances, according to Geldi Kyarizov, the director of the Hippodrome. But at 10km they are a match, and their real strength and endurance emerges over 25km or 50km when they win hands down. They have finer legs than a thoroughbred but their bones are stronger.

"They have beautiful paces, too," Kyarizov had told me, standing before a portrait of the famous stallion Karader in his office. An Akhal-Teké called Absent was three times an Olympic dressage medallist through the 1960s and 1970s. Another pure-bred was a top showjumper. "And for breeding purposes, they will add class to any breed, even to your New Forest ponies," he said.

Arab owners have already started buying them to add stamina to their racehorses. Earlier this year at the first auction of Turkmen horses, *a sheikh from Bahrain* bought a young stallion for $40,000 (£24,000). Turkmenistan's President Saparmurat Niyazov has made gifts of several to a lucky few, among them John Major, François Mitterrand, Bill Clinton, and Iran's ex-president Akbar Hashemi Rafsanjani, whose horse notoriously deposited him on the ground.

Alexander, meanwhile, said he could find me a pure-bred for a couple of thousand. The only problem was it would cost me double or treble that to ship it home.

Excuse my French

Here are the real Muscles from Brussels

Rachel Johnson gives the low-down on the high life

People arrive here, swear they'll stay two years absolute tops and then pouf! – years pass, and before you can say Jacques Santer it's pension time and roll on that little *fermette* in the South of France.

I'm not talking about the warmer-blooded eurocrats from the olive belt, who swish around the Commission in trendy aubergine jackets with the liverish complexions of Mediterraneans in winter, or sit around the European Parlia*ment's espresso* bar shouting to their mistresses down mobile phones.

They don't seem to stay very long.

No, it's the British who seem determined to make their careers in Brussels, and not only because the *pension arrangements for* long service are so spectacular. (Did you know that, once an official hits 60, the EU doubles the value of its monthly contribution?)

There's Adrian Fortescue, who left the Foreign Office 20 years ago and has been in Brussels ever since. Now he's director-general of the third pillar – which, in normal language, means he is the top man at home affairs – but enjoys his weekends at *his homes in the Ardennes* and south of France.

Then there's Andrew Cahn, behind whose boyish looks appears to lurk a rapier-sharp mind, who serves as *chef de cabinet* for Neil Kinnock, the transport commissioner.

The dapper Cahn – a civil servant from the agriculture ministry handpicked to work in the private offices of John Major, William Waldegrave and Tony Blair - now pedals merrily between midweek dinner parties on a lady's bicycle, his briefcase in a backpack and flowers for his hostess blooming from the basket on his handlebars.

Another Brussels-fancier is the darkly cherubic Simon Fraser, whom many suspect is quietly "doing a Fortescue". He sidled out of his job with the Foreign Office in Paris a couple of years ago and is revelling in the intellectual high jinks of Sir Leon Brittan's cabinet.

Yup, Brussels is absolutely groaning with contented Britons. For all its worst aspects – the endless rain, the tumult of dog excrement dotting every slab of pavement – there are more restaurants per square foot than anywhere else in the world, and lots of lovely money to spend in them.

> You don't hear the spouses grumbling – shopping is a delight

Above all, the British seem to be enjoying their jobs. Cocktail parties are full of shiny, happy faces bragging about how they actually DO something with their day! They negotiate! They see results! Move over, Monsieur Claude Van Damme, Messrs Fortescue, Fraser, Cahn and co are the real Muscles from *Brussels*.

There are many rites of passage for the British journalist arriving in Brussels. Registering with local commune, hiring accountant, smashing up new Volvo as a result of a brush with a Belgian driver following the *priorité a droite* rule, and writing complaining articles about the hideous bureaucracy, the bad driving, the endless rain, the ubiquitous dog poo, etc etc.

If they don't get printed in the journalists' own paper, such pieces occasionally surface in the Bulletin, the English-language news weekly – which is also widely read by locals. Until quite recently, British readers would eagerly open the magazine at the Letters Page, like wild boars hunting for truffles, hoping for a good crop of angry letters from insulted Belgians.

"If you Brits all hate Brussels so much why don't you all just bugger off back to Britain?" was a line that still *causes merriment at expatri*ate dinner parties.

Now the fun is to come to an end. No more letters sent in anonymously from Disgusted of Waterloo will be printed, nor will formulaic articles from Britons whingeing about bad driving and red tape.

Very diplomatic.

Like Washington, Brussels is full of what the Foreign Office calls trailing spouses, wives who have "sacrificed" their own careers for husband and children.

But you don't hear them grumbling. For one thing, most have reached the stage of life where shopping is a bigger part of their lives than, well, you know, and the shopping in Brussels is sheer delight.

On almost every street, there is a fromagerie, a patisserie, a boucherie, a chocolatier and even a little shop exclusively devoted to purveying foie gras. As one Commission wife told me: "It's much nicer than Paris. I *can pop into Delhaize* for sushi at 8pm, the school fees are paid for, the weather's no worse than it is in London, and because everyone speaks English so perfectly I don't even have to speak French."

And, for the British mums who *miss the Saturday run* to Tesco's, Brussels has come up with the perfect antidote to retail homesickness; in every supermarket you can find a Taste of England section, filled with a mouthwatering selection of British delicacies.

Chess No 1258: 1 Ch4, if a3 2 Ch1 when if axb2 3 Qa8 or Kxb2 3 Ch8 or a2 3 Nd3. if 1...Kxb2 2 Qe7 when if Ka1 3 Qa3 or a3 3 Qf8.

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FT PROPERTY

NOVEMBER 21 / NOVEMBER 22 1998

Unlearned lessons

'We saw on our tour that developers have made the same five basic mistakes as they did 10 years ago'

Page 2

Painting mad

'What were we discussing? Violence? Drugs? Sex? No, just the craze among the young for decorating their rooms'

Page 6

On the move

'Belgravia, SW1, is always pricey, whether you are buying a whole house or a pub'

Page 9

Marching down again

Prices in the capital have fallen from all-time peaks. **Anne Spackman** looks at what their next move might be

First, the good news. If you own a property in London it is almost certainly worth far more than you paid for it, unless you are a very recent purchaser.

Now, the bad news. It is equally likely to be worth less now than nine months ago and its value may fall further over the winter.

Most honest estate agents say values have fallen on average by between 5 and 10 per cent from their peak. In some cases, the falls appear to be 20 or even 30 per cent, but that is usually where the original asking price was ludicrously ambitious.

This downturn in the market comes against a background of substantial growth. Central London property prices rose by almost 100 per cent from the end of 1992 to the end of 1997. Areas beyond the prime heartlands continued to see some growth in spring this year.

But in July the entire market hit the buffers. The first news of redundancies in the UK for several years, coupled with turmoil on the world's stock markets, stopped the property market in its tracks.

November has seen a slight improvement, as the feared global meltdown failed to materialise, but most central London estate agents say they do not expect to see more than a handful of sales this side of Christmas.

FPDSavills recorded the first fall for six years in its central London index in the third quarter of this year.

Officially it predicts a further two per cent off in the fourth quarter, followed by a further five per cent, mostly in the early part of next year. This comes from the only team which correctly predicted London's boom.

As figures from the Nationwide Building Society show, London property has become too expensive. Greater London and the outer Metropolitan area are the only two parts of the UK where prices are above their long-term trend. London prices are now at a 20 per cent premium to the rest of the south-east - the same level recorded in the boom of the late 1980s.

Although the Nationwide measures prices across London well below peak 1980s levels in real terms, there are some exceptions. Detailed studies by London Residential Research show that some new properties in prime locations such as Kensington have exceeded 1980s prices, even taking inflation into account.

The very top of the market appears to have been hit hardest. Sales over the £2m mark have virtually stopped: at this level all purchases are discretionary and almost all purchasers are shrewd.

Although new developments have predictably suffered, they do not look any more overpriced than some of the grandest, second-hand properties.

The Kensington townhouse priced at £2.5m (which was worth less than £1m in 1993), is expected to need a similar price cut to achieve a sale as the flat in a converted office block in Docklands.

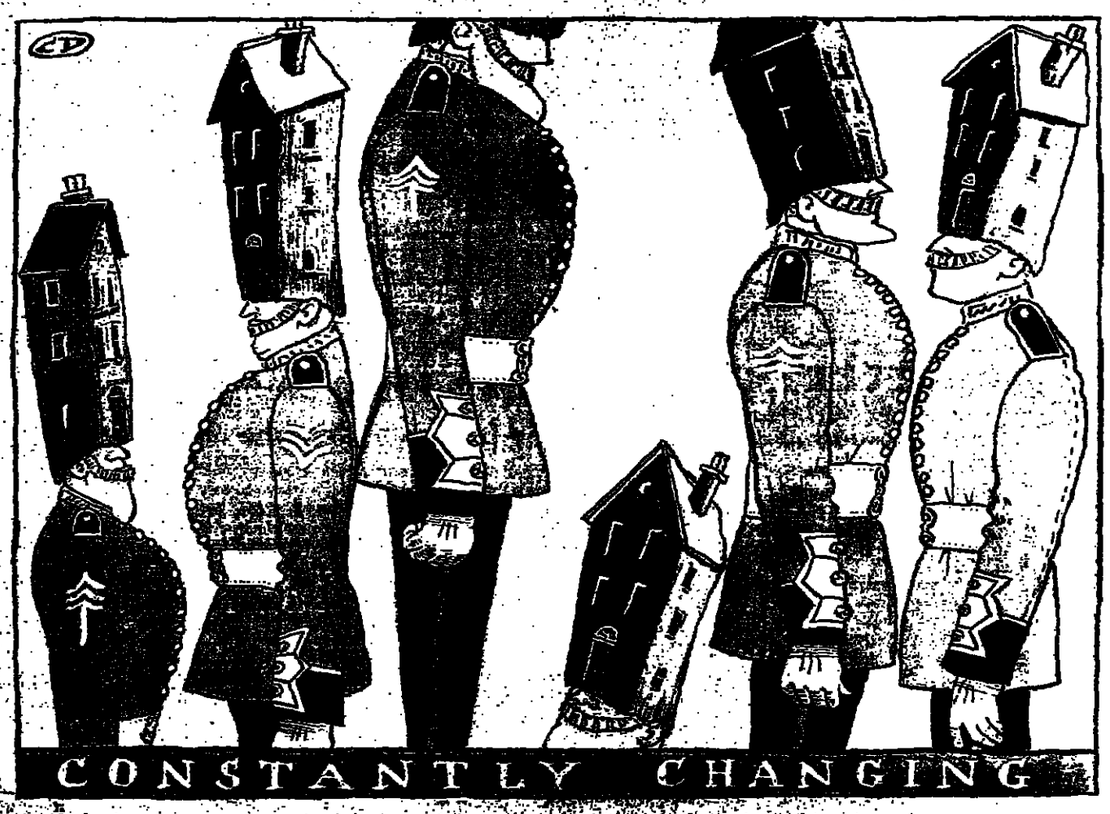
Some estate agents are complaining that the market has been ruined by talk of gloom and doom, rather than genuinely worsening economic circumstances. Whether fears of a recession are well-founded or not, many buyers have decided to wait and see what next year will bring.

And what will it bring? There are fewer doom-mongers in the property world than there were a few weeks ago, largely because of the performance of world stock markets. The most commonly held view among experts is that price falls will be short and sharp over the autumn and winter.

Once that correction has taken place, they believe buyers will come back in, attracted by lower prices and cheaper borrowing. If there is further economic tur-

REGION BY REGION

On pages 2-5, Anne Spackman examines the market in and around London



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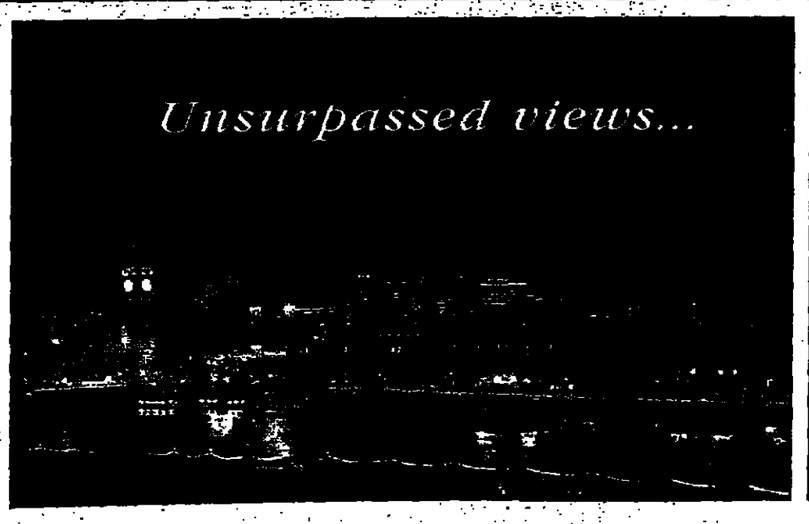

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A NASTY HANGOVER

Some developers just never seem to learn

Yolande Barnes, of FPDSavills, lists a catalogue of unlearned lessons from the last big property downturn

The residential research team at FPDSavills recently ventured out of its ivory tower to see some real bricks and mortar in the form of London's largest and most prestigious developments. This is what it found and the lessons it thinks should be learned everywhere.

The UK housing market has changed. A lack of confidence that characterised the doldrum years of the early and mid 1990s is returning. Fears of recession and redundancy are affecting would-be housebuyers.

Although the market had not become as overheated as it was in 1989 there are some uncomfortable similarities between now and then – especially in London.

The central London development market has seen the greatest change in market conditions. Developers in London had been enjoying boom conditions until the end of last year. Now turnover, and even asking prices, are down.

The trouble with boom conditions is that they make developers complacent. We saw on our tour that developers have made the same five basic mistakes as they did 10 years ago: inadequate marketing effort; poor presentation; low quality; overpricing; paying too much for land.

We found few cases where all five mistakes were being made simultaneously but often more than one rule had been broken. High quality workmanship and the best show flats in town will not make a development sell if the prices are still too high. Similarly, even the best-value apartments will have a low rate of sale if buyers cannot get to see them at convenient times.

Inadequate Marketing Effort

If these issues are addressed now, the painful downward market spiral that characterised most of the early 1990s may be avoided. Developers outside London still have time to learn from London's mistakes and to avoid them.

The most striking feature of our tour was the immense difficulty we had in actually getting in to see any of the properties we wanted to look at. A Friday morning is not an unusual time to want to view properties. Buyers have been known to spend long weekends house hunting.

Yet, it was not until we had visited five major sites that we could even get into a marketing suite. This was on a large, high profile site – but manned at the time by just one person. Having made it this far, we were then told that the only two show properties on the site were unavailable for viewing.

Poor Presentation

Advertising-induced expectations are expensive to achieve. They shouldn't be dashed simply by an inability to see the product.

When visiting the potential house of their dreams and expecting to pay some of the highest prices per square foot in the world today, buyers do not like to struggle over piles of rubble to the sound of pneumatic drills while choking on brick dust.

When inside, they expect to be overwhelmed by quality fittings, solid floors, wall to wall marble, scented flowers and gentle music; not plastic baths, matchbox walls, tiles from B&Q and enough dust on the furniture to horrify even the cast of Men Behaving Badly.

Quality

Municipal-style, fast architecture, flimsy walls and floors, shoddy workmanship, mean skirtings and no cornices: it happened in the 1980s and it has happened again.

Easy, off-plan sales to overseas investors and a strong underlying domestic market, coupled with a scarcity of sites has led to the impression that units sell themselves. Buyers used to take units before even a brick had been laid.

This is the case no longer. Buyers have become much more discerning and are sniffing disdainfully at the units now completed to the more lackadaisical standards of the easy-to-sell era.

Overpricing

London price rises have been well in excess of the rest of the UK. Central London now looks very fully valued by historic standards. Asking prices on new developments, as always, have been at the cutting edge of these price rises. In 1990, there was a 5 per cent discount on new-build property.

By the summer of 1997, there was an average premium of about 20 per cent for a new-build property over the value of the equivalent second hand property. New property in less-prime locations is now overpriced.

You don't have to be a rocket scientist to work this one out. There are more trendy young professionals earning £40,000 a year and prepared to pay £120,000 for a small and rather indifferent flat in Clerkenwell than there are earning £83,500 and willing to spend the more commonly asked £250,000. There are lots of new flats in Clerkenwell. Even the faintest knowledge of supply and demand should lead to an inevitable conclusion on this one.

Paying too much for land

The problem for developers is that they are forced sellers. Unlike owner occupiers who can, in the main, stay put for a few years until the market comes round again, house builders have to shift their stock. The sooner developers can accept the difference between their asking prices and true market value, the sooner their rate of sale will rise again.

Yes, it has happened again.

Enthusiastic latecomers to the top of the market London party got carried away. They started putting price projections into their cash-flow models.

Will they never learn that this can cause a particularly nasty hangover? Some are now left with schemes that simply won't sell for these inflated prices. Meanwhile, building costs are soaring and sales are down.

■ *This is an edited version of an article that first appeared in Building Homes magazine.*

New developments

Insecurity in the jobs market holds the key

Anne Spackman sees an underlying pattern among the winners and losers

Some of the most expensive apartments ever to be offered for sale in London were launched in Chelsea in September, the very worst month the London property market has seen for years. Within four weeks, all except one were sold.

Painter's Yard, Richard Collins' development, offered excellent quality in an excellent location. Its success is evidence that there is still plenty of money around for what buyers consider outstanding property.

Across London at City Quay in St Katharine's Dock, Taylor Woodrow also has a success story to tell. Its apartments provide good quality, in an attractive setting, in a location where buyers are unlikely to find anything similar. Strong sales have encouraged them to put their prices up recently – though they are still only around half the level of Painter's Yard.

St Katharine's is on the eastern edge of the City of London, in one of the untried residential areas expected to bear the brunt of this year's downturn. Its success shows that, in the current market, an established location is not the key to survival. As Robin Paterson of Hamptons International says: "Prime has not done better than secondary. What is selling is what the public perceives to be good value."

Evidence from struggling developments in prime areas bears out his statement. Two of the most high-profile schemes which have failed to attract buyers this year are Earl's Terrace in Kensington and Mount Vernon in Hampstead.

Developer Northacre, which has a history of achieving premium prices, has sold only three of its 23 terraced houses off Kensington High Street which it launched 18 months ago at prices of up to £3.75m. Its response has been to raise prices further.

At Mount Vernon, where 44 of the 69 apartments remained unsold this summer, the developer took the opposite course of action. It reduced prices by 15 per cent last month and did half a dozen deals within a fortnight.

It has also been a tough year for Montevetro, Richard Rogers' high-profile, high-rise block near Battersea on the south bank of the Thames. That has only seen 11 sales in the past 12 months, although – unlike the above schemes – it is still a long way from completion.

At the other end of the spectrum, Wimpey Homes has halted construction on the more expensive section of its Britannia Village development at the easternmost point of Docklands. Prices for the flats were to range up to £300,000.

Asking prices for many new properties have fallen by about 10 per cent. Developers still struggling to sell are unlikely to reduce them further officially, for fear of chasing the market down.

Instead, they are adding incentives, such as free parking spaces or carpets or guaranteed rental returns. They are also taking offers. In the case of bulk buyers, that can mean as much as 25 per cent off the peak asking price.

Developers are also talking to their banks. So far they are getting a sympathetic hearing. "We are dealing with people who went through the last recession," says Stephan Miles-Brown of Knight Frank. "They see the problems as being short-term and are taking a grown-up view."

> In the City, large flats are the hardest to sell, while in Westminster anything unspectacular lacks buyers

The key short-term problem is one of over-supply and high prices. In the 18 months from July this year to the end of 1999 more than 10,000 homes are due for completion in central London.

Prices for new flats – which form the bulk of the supply – have risen by more than 20 per cent a year for two years. Much of that inflation has been supported by overseas buying.

Geoff Marsh of London Residential Research, the leading experts on the new-build market, expects to see price changes of between plus five and minus 25 per cent. Much of that has already happened.

The most buoyant market sector at the moment is the bottom end. One-bedroom flats and any two-bedders below £200,000 are selling far better than flats in the £300,000-£700,000 range.

It is no coincidence that St George, part of the Berkeley Homes group, pitched its two-bedroom flats at Riverside West on the Thames below the £200,000 mark, whereas 12 months ago it might have asked £235,000.

Tom Marshall of Cluttons, who is based at Butler's Wharf, points out that many people still have to buy a home in London and can only afford the cheapest properties. "I can sell almost anything priced below £180,000," he says. "I can even sell studios which I could not sell last year."

Clerkenwell was expected to be one of the markets hardest hit by the downturn. Those schemes aimed at the overseas market have suffered poor sales. But it has a strong following among trendy UK owner-occupiers, which has seen it out-perform areas such as the City and Westminster.

In the City, large flats and penthouses are the hardest properties to sell, while in Westminster, anything unspectacular – in anything other than price – is struggling to find takers.

There are plenty of agents and developers insisting that the new homes market will recover quickly as interest rates fall. That wise old man of property, Tony Pidgley of Berkeley Homes, thinks they are missing the point.

"It's great that interest rates are not at 15 per cent," he says. "It's fantastic news that they are falling. But if you are frightened of losing your job, you are not going to buy a new home. It is all a question of confidence."

Probably the best news for the new development market in London is that the Berkeley group is still buying land – at the right price – and Pidgley himself has been making the odd investment purchase.

Painter's Yard, Chelsea: money is still available for the very best

Inside a Painter's Yard apartment: the quality that ensured the demand

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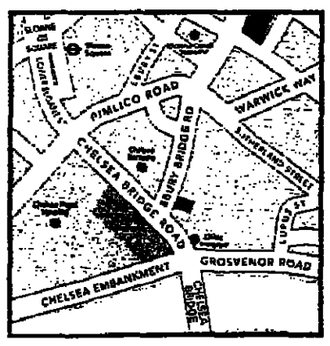

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ESTABLISHMENT LONDON: Knightsbridge, Mayfair, Belgravia, Kensington, Chelsea

The rabbits staring into the headlights

Buyers and sellers in some of the most prestigious areas don't know whether to sit tight or bolt for cover, writes **Anne Spackman**

The unwritten law of property downturns is that buyers retrench into prime areas. So far, that is not happening. It is in places such as Kensington and Knightsbridge that up-market estate agents are sitting with empty appointments diaries.

What was a sellers' market 12 months ago is now a buyer's market. But there are few buyers to be found.

They have disappeared for two reasons: first, prices have risen too high – above late 1980s levels in real terms for many properties. Second, the market is dominated by foreign and City-based buyers, currently the two most vulnerable groups of purchasers. A good rule of thumb for vendors assessing the value of their property is to measure its exposure to these two markets and subtract accordingly.

Figures from FPDSavills show that one third of all purchasers and more than 80 per cent of tenants in prime central London in 1997 were foreign nationals. With plays high, the pound strong and recession in many parts of the globe, that source of activity has been drying up.

In addition, almost two-thirds of last year's buyers were making a discretionary purchase: they were either buying an additional home or an investment. It is easy to see why such buyers are not active when their own cash position and the property market are both worsening.

Sales above the £2m mark have virtually stopped at a time when supply has increased sharply. London Residential Research calculates that in the new-build sector alone 94 properties are either for sale or nearing completion at this price level in the smart west London postcode areas. When second-hand properties are taken into account that is enough supply to meet about six years' worth of demand.

Supply of all kinds of property has increased sharply this year, as vendors hoped to catch the crest of the price wave. Howard Elston of Strutt and Parker points out that buyers of family houses at around £1.5m would now have 25 to choose from where last year they had five. The best one or two will still sell for a good price, but the rest are likely to stick.

> Up-market estate agents are sitting with empty appointment diaries

Prime central London is the one place where most sellers and estate agents have already come to accept that prices have fallen. Elston says the last couple of months have produced the first calls from sellers saying "get me an offer".

Real values appear to have fallen around 10 per cent from their peak – plus any inflation built into this year's asking price. Saul Empson of John D Wood says a house priced at £1m 12 months ago would probably have sold for a bit more under competition. Now it would get 5 to 10 per cent below that figure – but the asking price might be another 10 per cent higher.

Those sales which are going through tend to be at the lower end of the price range. John D Wood in Kensington says it has achieved two relatively quick sales on houses in the $600,000 price range.

But with few vendors forced to sell, few deals are taking place. Justin Holder of Winkworth in Kensington says the period from offer to exchange has more than doubled, as buyers shop around.

The good news for vendors is that several agents report a slight improvement in the market this month, as stock markets have stabilised rather than crashed. Willie Gething, of the buying agency Property Vision, said his predominantly business and city-based clients were in freeze-frame throughout September and October. In the first week of November he was asked to buy five houses at between £1m and £2m.

He says buyers will only do deals where they are convinced they are buying at next year's prices. "That usually means 15 if not 20 per cent less than the highest price achieved in the road," he says.

Robin Paterson of Hamptons International believes some of the best bargains are to be had in the heartlands of Belgravia and Mayfair. "Short lease property has fallen in value by between 20 and 30 per cent," he says. "Investors can buy flats on 15 and 20 year leases for less than £150,000."

Those considering snapping up such properties need to look carefully at the rental market. Hamptons is one of the agents honest enough to admit that the rental market in many areas is already over-supplied.

There is also the crucial question of when the market will bottom out. Almost all commentators see the fate of prime central London property as inextricably bound up with movements in world economies. FPDSavills has just produced a graph showing the relationship between the two.

If markets stay stable, the bottom may already have been hit. If there are more falls, or further headline-making redundancies, confidence and prices are likely to slip further.

The garden at 80, Old Church Street: an important selling point

Number 80, Old Church Street, SW3: sold by John D Wood for more than £500,000

For sellers it has been a difficult few months. With Christmas only five weeks away they have to decide whether to take their house off the market, sit out the quiet times or reduce their asking price.

Doing the latter seems the first course of action for anyone whose property is priced above levels previously achieved in their area. But it will not necessarily achieve a sale.

Many agents are advising that lack of buyer confidence rather than high prices is the key cause of the present stagnation. As Ed Mead of Douglas and Gordon in Chelsea says: "If you don't have to move, stay where you are."

To sum it up:

Dick Ford, head of Knight Frank, Kensington, says:

"The economic woes of Asia and then Russia scared people into believing a calamity might lurk around the corner.

"The effect on the property market can be likened to rabbits staring into headlights – not knowing whether it is safer to sit still or bolt for cover.

"The market has slowed, with purchasers deferring making decisions and vendors uncertain whether to hold steady or lower their expectations. For most the jury is still out.

"On the one hand, prices remain in a comfortable ratio to incomes (even in Kensington), interest rates seem set for further falls and there is little likelihood of the level of 'distressed' sellers arising rapidly.

"On the other hand, recent events remind purchasers that gainful employment may be ephemeral and they recall that those who bought in 1989 might have been well advised to wait until 1992."

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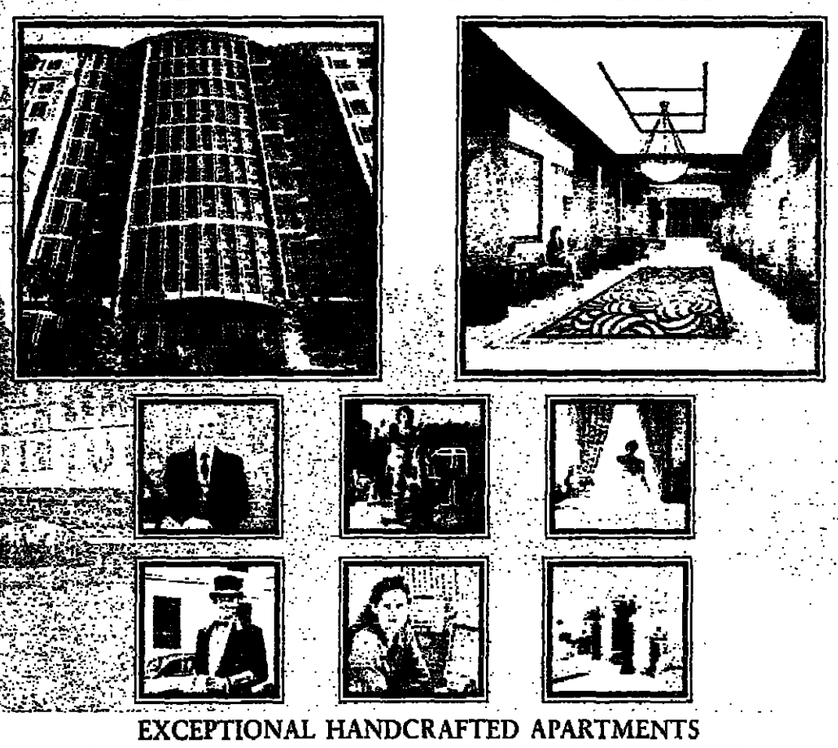

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LEAFY LONDON: including Wimbledon, Richmond, Highgate, Barnes

Nowhere is immune from the general slowdown

Anne Spackman finds that prices are down by 10 per cent – where deals are struck

Leafy London is only just coming round to the idea that the property market has turned. It is dominated by domestic buyers and sellers more concerned about school league tables and quality of life than world stock market fluctuations.

But it is not immune to the general slow-down.

Agents from Highgate in the north to Wimbledon in the south report that sellers are refusing to drop their prices and buyers are refusing to pay them. In cases where both sides are persuaded to negotiate, prices are coming down by the London norm – about 10 per cent.

First-time buyers are reported to be active at the lower end of the price scale, spurred on by high rents and falling interest rates. John Collard of Robert Holmes & Co in Wimbledon says: "Young people hoping to get their foot on the property ladder seem little affected by changes in the stock market and continue to buy one and two bedroom flats and small houses."

In the Wimbledon family house market there are buyers for properties at around £500,000. John D Wood sold a six-bedroom period house in a popular road near the station, priced at £565,000 in two weeks. A similarly quick sale was achieved for a larger period property at £795,000.

Hardest to sell are more expensive properties and those in poor condition. Hamptons in Richmond had an offer of £1.1m on a large, unmodernised house six months ago. The seller was then forced to withdraw. It came back on the market at £50,000 less and has attracted two offers.

Winkworth tell a similar story in Brook Green, near Hammersmith. A large family house in need of modernisation, which would have sold within a week six months ago, has been languishing on the market at £650,000. There are plenty of viewings, but as yet no offers.

In Highgate, Winkworth says owners of family houses are turning offers down in the flawed belief that the next one will be better. A few sales have collapsed because of buyers' fears of redundancy, but there are plenty of committed purchasers still in the market.

Their heaviest price reductions have been on flats belonging to foreign owners. One flat at £170,000 came down to £140,000 at the start of November. Winkworth say the owners had insisted on marketing at an "unrealistic" price – an expression used frequently in the current market.

To sum it up:

Jo Howitt, Winkworth's Hammersmith office, says:

"The lower end of the market is still moving fairly well and this particularly applies to attractively priced stock.

"Movement in the luxury market is considerably slower. Houses that are sensibly priced and located in the better streets are selling, but interested buyers are very much more cautious and feel under no pressure to exchange.

"Some vendors are pitching their expectations too high and some buyers are flexing their muscles just a little too hard. Those who want to sell before Christmas are being forced to bring prices down if they want to get buyers through the door. Fifty per cent of our applicants are ready buyers looking to move now."

Against the trend: six-bedroom Wimbledon house that sold in two weeks

Bolton House, Hampstead: the asking price has fallen from £1.5m to £1.35m

TRENDY CENTRES: Notting Hill, Islington, Wandsworth, Hampstead

The waiting game

Some fashionable districts are harder hit than others, writes **Anne Spackman**

Property is selling marginally better in London's newer prime areas than in established ones, because of the higher preponderance of UK families buying their main residence.

Genuine reasons for moving there, such as growing families and proximity to good schools, do not disappear just because the economic climate changes.

The market carried on roaring right through the spring of this year, with big premiums still being paid. Those vendors who set their asking prices on the assumption that this would continue are the ones now sticking on the market. "A lot of people factored in a price rise which never materialised," says Saul Empson of John D Wood in Hampstead.

Notting Hill has taken the hardest hit in terms of sales activity because of its sensitivity to the City. Giles Hoskins of Winkworth, which has three offices in the area, says the past two months have seen some buyers forced to pull out of deals. He says asking prices have dropped around 5 per cent and are not usually being achieved.

But any falls have to be measured against a background of huge price rises which have put Notting Hill on a par with Chelsea and even parts of Mayfair. James Wyatt of Knight Frank believes its underlying popularity with wealthy young buyers will prevent prices falling further.

Wandsworth has also become a base for City buyers, often on mortgages of £250,000 with school fees on top. The family house market above £500,000 has seen the most dramatic turnaround.

Michael Comyn of John D Wood says most buyers will not commit until they are confident about their financial future. "Right now, reducing the price makes no difference whatsoever," he says.

> Some houses have seen two or three price falls in the last six months

Deals are not reported to have fallen through in Islington because of City redundancies, but prices are starting to slip, as the pool of City buyers dries up.

Will Townshend of Winkworth believes the strong contingent of trendy lawyers, media and creative people will stop Islington prices falling much, but he admits buyers are beginning to flex their muscles.

Hampstead is probably the least City-dependent prime area and is therefore not so sharply affected by the downturn. It also has very little new supply of the kinds of family houses in greatest demand.

There are occasions when prices have had to fall: Bolton House, a period property in the heart of the old village of Hampstead, has seen its asking price slip from £1.5m to £1.35m.

But demand for houses between £600,000 and £1.25m is stronger and deals are still going through, although asking prices are rarely achieved.

To sum it up:

Ivor Dickinson of Douglas and Gordon, Wandsworth, says:

"There is no question that prices have dropped. In some cases properties have seen not one, but two or even three falls in value in the last six months.

"We recently surveyed our buyers, virtually all of whom said they would wait until January or February before purchasing. A sudden surge of buyers in the market, with two or three after the same thing, would drive prices back up again and this is a very likely scenario."

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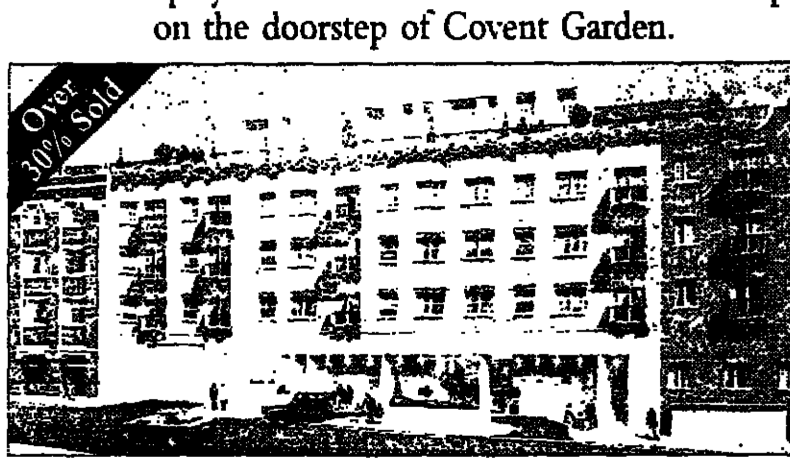

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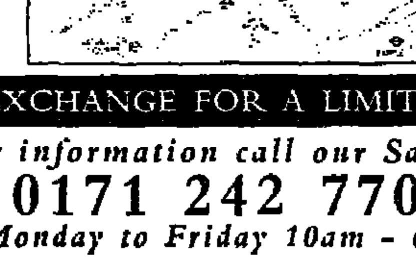

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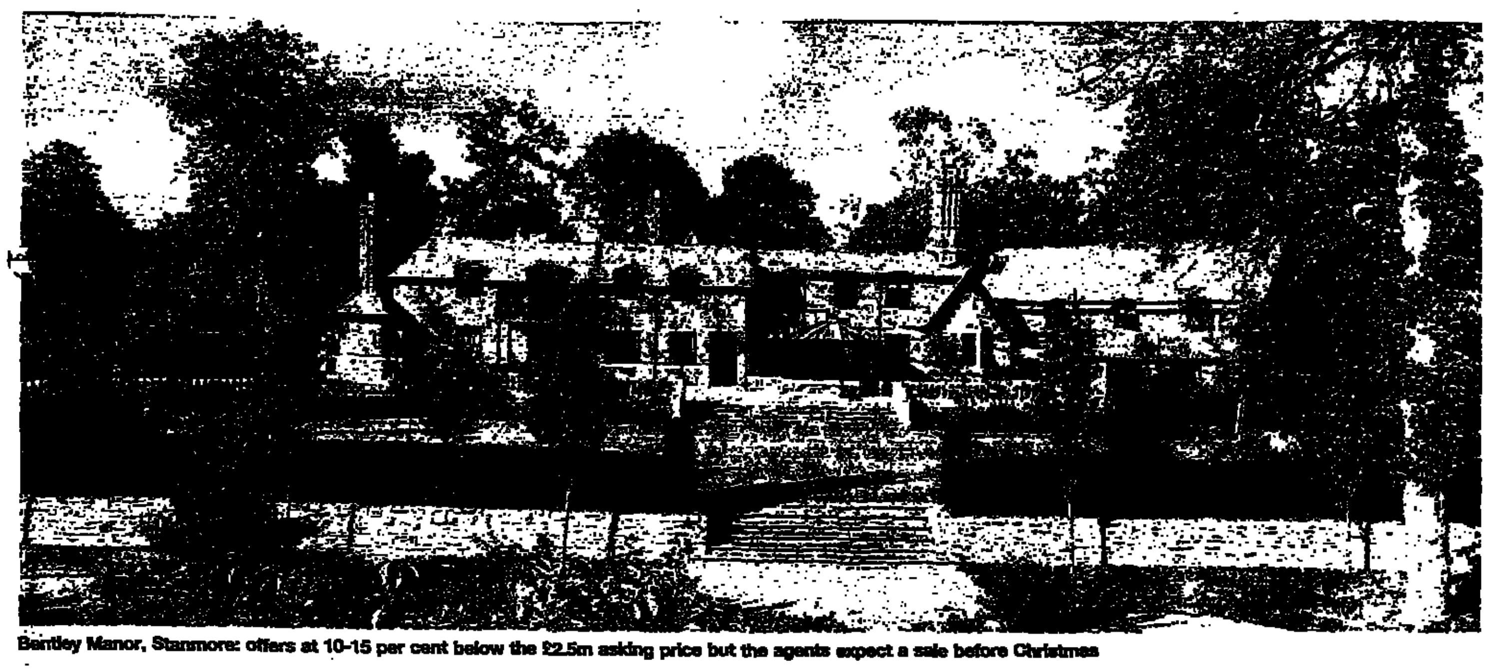

Bentley Manor, Stanmore: offers at 10-15 per cent below the £2.5m asking price but the agents expect a sale before Christmas

COMMUTER LAND: including Guildford, Esher, Ascot, Beaconsfield

A light breeze blows out of the capital

Anne Spackman discovers far less nervousness a short train ride from London

The wind of change blowing out of the capital has only just started to reach the commuter heartlands. Most agents say prices have come off their spring-time p[...] – by up to 10 per cent – but there is nothing like the level of nervousness seen in central London.

The vulnerable sector of the market appears to be the £1m-£1.5m bracket. Robin Paterson of Hamptons says houses which quickly shot up in value to £1.25m in areas such as St George's Hill, Weybridge, are now more likely to sell for around £1m.

Special houses – even very expensive ones – are selling well. Knight Frank in Esher managed three sales in three weeks in October at between £2m and £4m. The key to these sales was that all the houses were either brand new or in excellent condition.

Closer to London, a vast house in Stanmore priced at £2.5m in October attracted two offers within weeks at 10-15 per cent below the asking price. All the interest has been from UK buyers and agents Knight Frank expects a deal to be done before Christmas.

Antony Wardell of Knight Frank in Ascot speaks for many when he says: "Good quality property in the best locations is selling at good prices, but it does have to be in excellent condition: either newly built or of the highest standard."

The market is reported to be stronger around the £500,000 mark than it is around £1m in most commuter areas. However, Hamptons in Guildford reports two cases of private sales at around £800,000. Many agents expect private sales to become a feature of the winter market.

If one goes as far along the railway line as Winchester there are still examples of good houses being snapped up within days of coming on the market. Knight Frank recently sold a listed farmhouse with indoor swimming pool priced at £825,000 in less than a week. Now is not a good time to be moving out of London to the country.

To sum it up:

Colin Fitzgerald, Hamptons in Surrey, Sussex, Hampshire, says:

"The market is very patchy. Guildford is still very good. October definitely saw a resurgence in activity, with lots more offers, though sales arranged are down.

"Offers are averaging 10-15 per cent below asking price, moving up to 7-10 per cent before agreeing a sale. Special houses – such as Georgian rectories – are still selling well and always will."

Inside Bentley Manor: all the interest has come from UK buyers

London Life

Village on the southern heights

Gerald Cadogan surveys the increasingly desirable residences of Clapham Common

The prime residential areas of Clapham in south London are the network of streets that flank its 220 acres of common land.

They contain many Georgian and Victorian Gothic houses, as well as a few Queen Anne residences and more modern homes.

Thanks to its local tube stations Clapham enjoys easier access to the West End and City than, say, Fulham. Its public spaces give it a village atmosphere.

Unlike Hackney in east London, relatively few of Clapham's terraced streets were pulled down after the war to create council estates.

Around the Common, the prime area centres on Old Town, Clapham's old village square, Rectory Grove and the small terraced streets between the High Street and Larkhall Rise which *follows the ridge* overlooking Battersea and the Thames. (In Larkhall Rise, Hamptons has houses on offer at £450,000 and £457,950.)

Old Town boasts several new shops and restaurants. "Three years ago many of the commercial units were empty," says Guy Foster of agent Friend & Falcke. Now he awaits a similar revival in the High Street.

Clapham's popularity rose in the 1990s as buyers, including young professionals, sought houses and flats that were cheaper than those north of the Thames.

As a result, Clapham is today too expensive for first time buyers looking for a flat in the £125,000 to £135,000 range, says Tony D'Alton of Knight Frank. They are likely to find that vendors want £145,000 to £175,000. So now they trek east to Brixton, which is becoming more popular.

House prices have probably plateaued, says John Thwaites of Richard Oakey, "or at any rate asking prices are not going up, and sellers have stopped looking at what the neighbours sold for and adding on a bit". North of the High Street a restored four to five bedroom Edwardian house now sells for around £300,000. "Over the last year the rises have not been dramatic, around 10 per cent, but over the last three years they have been up to 60 per cent."

Bigger houses now stand at around half a million pounds, says Foster – in 1991 they cost around £210,000 unrestored. And the largest houses – as in Macaulay Road, two blocks from Old Town – can cost more than £1m, as do the largest houses on Clapham Common North Side.

> The terraced streets largely survived the post-war rebuilding programmes

Here Knight Frank is selling 34 North Side, one of a five-house terrace built by Sir Charles Barry and his son in 1851-53, for offers over £1m.

At the western end of *North Side, Foxtons offers* a five bedroom house at £495,000 and Hamptons is selling a first floor two-bedroom flat for £195,000 leasehold.

Clapham Common West Side can be even more expensive for houses that have not been converted into flats or have been turned back again into whole houses. That may make a development of "Victorian style villas" by Rialto Homes an attractive alternative, priced from £679,000 to £699,000 and for sale through Hamptons.

In the Old Town area Friend & Falcke is selling a Victorian terraced cottage in Turret Grove for £315,000, and Barnard Marcus a similar cottage for £305,000 in Broadhinton Road.

On Rectory Grove, at about double the price, developer Eastbank has restored a brace of semi-detached mid 19th Century white stucco houses listed grade II – one is still available at £950,000.

On Clapham Common *South Side* (it is actually on the southeastern angle of the common), the turn of the century Dutch-style 76 *South Side is for sale* through John D Wood for £795,000.

A premier street behind South Side is Abbeville Road, where a second floor flat in number 12 costs £199,950 from Hamptons. Another is Crescent Grove, where the top floor flat in number 29 costs £240,000 (with a share of the freehold) from Friend & Falcke.

In Kings Avenue, in the Clapham Park area, a between the wars terraced house with three bedrooms is for sale from Richard Oakey for £205,000. It needs some work, but still seems good value compared to much of London.

■ *Eastbank, 0181-521 8589; Foxtons, 0171-801 1111; Friend & Falcke, 0171-498 0736; Hamptons, 0171-498 8686; Knight Frank, 0171-824 8171; Richard Oakey, 0171-720 6915; John D Wood, 0171-228 0174*

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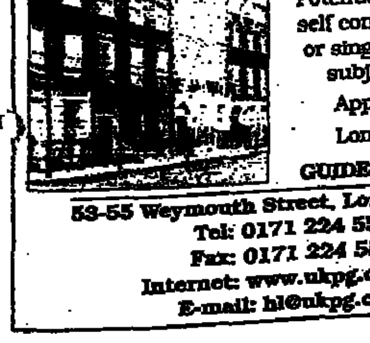
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A decade ago

We've seen it all before

Anne Spackman looks back to the last property slowdown but finds few parallels with today's

Dinner party conversation is as good a barometer of the housing market as any formal index. In central London talk of house prices seems to have dried up, whereas in Guildford there is still the odd anecdote about the neighbour who has just doubled the money in two years.

People only seem to talk house prices when the market is good.

They have been high on the agenda in London and its south-eastern satellites for the past two years, as prices turned sharply upwards. Most people who bought a house in London before 1996 have seen its value nearly double, with much of that rise coming in 1997.

The boom has been short and [illegible]. Now that it is over, people [illegible] to sell face some hard [illegible]. In the last downturn [illegible] who dropped their price first and got out quick were the [illegible]. This time around it [illegible] be different.

In the last boom, London house prices peaked in the summer of 1988. It was no coincidence that [illegible] that year the government abolished the system [illegible] two unmarried people [illegible] property together each qualified for tax relief on their mortgage.

It was turnover rather than prices which reacted first and gave the first signs of a downturn, as sellers held out for prices that buyers were unwilling to pay. (This happened again in London this year, with turnover falling 10 per cent in the first six months of the year.)

Prices began to fall in 1989, gathering momentum like a snowball. FPDSavills index of house prices only fell by 2.1 per cent in 1989 – it is expected to show an almost identical drop this year – but by 1992 the annual fall was 11.7 per cent. Most people in south-east England saw the value of their homes drop by around 30 per cent during the early 1990s.

But these falls followed unprecedented price rises. FPDSavills' index had recorded six consecutive years of double-digit price growth from 1983 to 1988. The boom was not just confined to London, although London, the south-east and East Anglia saw the highest rises.

Mortgage lenders had been willing to let buyers borrow up to 100 per cent of the value of a house, certain that rampant inflation would protect them from any risk. Inflation also made it sensible for buyers to borrow as much as possible – as inflation would quickly reduce the relative size of their loan.

As prices rose, buyers were pushed to move ever further out of London to get a foot on the property merry-go-round. Towns such as Reading and Luton were covered in tiny one-bedroom starter homes, bought by couples in their early twenties, on 100 per cent mortgages, for more than £60,000.

When the tables turned, these were the people worst affected. House prices began to fall in real terms – something which had not happened during the downturns of the 1970s and early 1980s. At the same time interest rates soared. Between June 1988 and June 1989 they rose from 9.5 to 14 per cent.

For the many who lost their jobs during the subsequent recession, repayments were swiftly crippling. They were forced to put their properties up for sale in a falling market.

Many discovered they were suffering from negative equity – their house was worth less than the amount they had borrowed to buy it. It affected 1.5m people during the last downturn.

Those who sold had to take their debt with them. Others could find neither a buyer, nor the money to pay the mortgage. In 1990, more than 43,000 families had their homes repossessed. The following year the figure reached 75,540. It was not until 1996 that repossessions fell back to pre-1990 levels.

As prices plummeted, so did the number of transactions. From their all-time high of 2.1m in 1988 they fell to 1.1m in 1992.

Some owners who had to move, but could not sell, chose to rent their home out. There is evidence of that trend manifesting itself now. Estate agents in central London report that they are already receiving a steady flow of calls from struggling sellers. Most are advising caution.

The last downturn was the result of property across the UK becoming too expensive for people to buy. First-time buyers had to spend nearly 60 per cent of their net income on servicing their mortgage in 1988.

The affordability index has since fallen dramatically across the UK, making most property cheap by historic standards. The exception to that rule is in parts of London – particularly in the new-build sector and in the markets most affected by City bonuses. These areas now face the sharpest problems.

In the present market sellers have to take a view on how long the stagnation will last. Most commentators predict a short, sharp correction, rather than a full-scale slump.

Paul Sanderson, head of research at the Nationwide building society, believes there have been fundamental changes in the market over the past decade, as a result of generally low inflation and increased job insecurity. People have bigger savings and smaller debts. Neither prices nor the number of transactions have boomed in the 1990s as they did in the 1980s – even in London – he points out, so there is nothing like the correction needed.

With transactions rising to only 1.44m even in 1997, sales have remained at very low levels. It is hard to see how the estate agencies, which expanded so quickly in London last year, can keep the same number of offices with fewer sales to support them next year.

The London market in 1998 shares more differences than similarities with the last boom. Prices have not risen so far above their historic trend; interest rates are low and falling, and, with around half the mortgage market on fixed rate loans, owners are not as vulnerable to interest rate movements. The swing in confidence this year has been more a reaction to news of job cuts and fears of recession than to events in the property market itself.

If job cuts produce forced sales, putting even more property on to an already over-supplied market, then prices and transactions should continue to fall. But there are already signs that price reductions are producing sales. If that continues, the market may get better as quickly as it got worse.

Decorating

Home rule for the young generation

Vicky Carlstrand looks on in amazement at the children who are transforming their rooms

"Personally I think that it only goes to prove the pernicious effect of television," I spluttered into the telephone after a trying weekend with the offspring.

"Oh," said my friend at the other end, "don't you think it's the result of having liberal, hippy parents who let their children do pretty much what they like?"

What were we discussing? Violence? Drugs? Sex? No, just the current craze among the young for decorating their own rooms in a, shall we say, original and distinctive style.

My daughter's room had already recently acquired a blotchy, blue ceiling (the sky) and vivid green floorboards (the grass). Over the weekend I had watched, and even helped, palm trees to grow on the walls which were then painstakingly adorned with brightly coloured birds.

And I knew that the object she most coveted for her 11th birthday was a bright blue, blow-up plastic chair which was somehow to be assimilated into this tropical scene.

As far as I was concerned this could all be blamed on those decorating programmes on the television where perfectly presentable rooms are transformed instantly into parodies of Moroccan palaces or passionate evocations of the 1960s.

Even my eight-year-old has been influenced, demanding an army theme for his room. No sooner had some bright spark in the family come up with the idea of hanging a camouflage net from his ceiling, than his elder siblings discovered one, at the knock down price of £25, in a dubious shop down the road selling second world war memorabilia.

With Britain's longest running children's programme, the well loved Blue Peter, now getting in on the decorating act, this whole youth craze is set to spin totally out of control.

Take the Taylor family, for example. On the outside there is nothing to distinguish their London house from the rest of the terrace. Inside, there is one decorating-mad 15-year-old. Sophie has already made her room over twice and is about to start all over again. She is a true enthusiast and loves decorating.

> At 13½, Sophie Taylor has dived into a more minimalist approach

When she was aged 12, her bedroom was a "mature and sophisticated" purple. "I wanted it to look grown up," she explains. At 13½ she dived into a more minimalist approach, although according to her mother this does not always mean that she tidies everything away off the floor.

The walls of her room are a cool cream while the woodwork and tiles around the fireplace are in splashes of green, blue, yellow and pink based on a Patrick Heron painting. There is very little furniture, a built-in corner desk, chest of drawers, bed and a futon rolled up as a sofa.

All this is to change. The walls are to become bright orange, shading from dark at the top to light at the bottom, the windows will be purple, and turquoise will also be introduced.

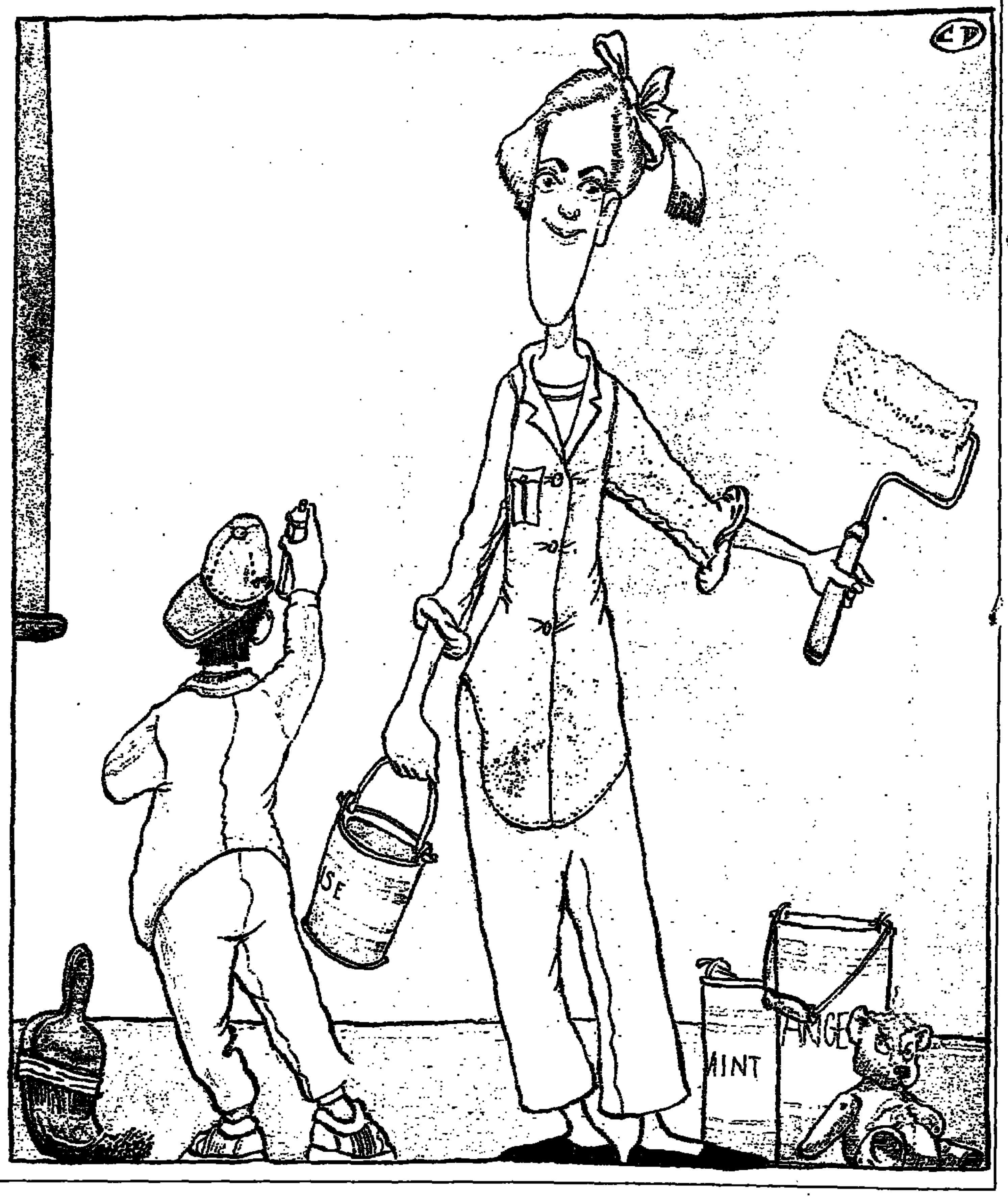
I grimaced visibly but Sophie was unabashed. Only two things will remain unchanged: the pages from The Diary of Adrian Mole which are pasted on to the back of her cupboard door and the stylish chest of drawers, painted a shocking pink and decorated with cut-outs from wrapping paper.

In the next room her younger brother, Jamie, has no plans to change his decor again. This is probably just as well as the decorative silver paint with which he sprayed his walls two years ago has still not dried. It tends to rub off on anything or anyone that brushes against it. Luckily much of it is covered with an impressive collection of road signs.

Across the garden wall you can just see into a neighbour's room, its window covered in brightly coloured graffiti. So, apparently are the walls.

And Sophie described another friend's room in which the colours are based on a Matisse painting and includes an archway hung with fairy lights which, she tells me, are very popular with her age group.

When I ask Sophie why she wants to change her room again she looks around and replies simply that "none of this stuff is mine". It is obvious what she means. She has outgrown her ideas of a few years ago and wants to change her room to suit the new Sophie. And she is prepared to get out the paint pots and get down to work.



305 St John's Church Road: Victorian values for about £200,000

London Life

Islington quality for half the price

Gerald Cadogan looks at period houses in Hackney, an area that is improving rapidly

Go east to Hackney if you want a Georgian or Victorian house but cannot afford fashionable Blairite Islington. Its fine properties are perennially underrated, its living costs are lower and its general quality is improving smartly.

In the 17th and 18th centuries Hackney was a smart, rich village on higher ground west of the River Lea and its eponymous marshland. In the 19th century, its population soared and it became part of London.

Many of Hackney's imposing period houses survived the blitz and post-war redevelopment and currently can be had for less than half the price of homes in Islington – a good family house can be had for just £200,000.

Hackney is full of surprises. The streets are multicultural, with a dizzying abundance of Turkish shops and restaurants. There are also many other ethnic or religious groups, – Chinese, African, Greek, Jewish – with their own shops, restaurants and places of worship.

Life has improved considerably over the last five years, says Nathan Field of Winkworth. The Round Chapel on Lower Clapton Road, an imposing ashlar nonconformist preacher's paradise of 1871, is being converted into a centre for the arts. He claims there are also good places to eat, and last week the Hackney Empire, the famous music hall, hosted a festival of baroque music (its Christmas offering will be Dick Whittington).

The grey concrete social housing of the 1960s Kingshold estate is being pulled down to make way for what will become New Kingshold. But the friendly 1930s blocks across the road will stay intact. Liverpool Street and the City are only 10 to 15 minutes away. With so many buses and railway lines, "the lack of the Tube is not a problem", says Field.

Away from the council estates, there is still a lively amalgam of Georgian, Victorian and early 20th century buildings, and plenty of open spaces. On Mare Street, which has the Empire and Hackney Town Hall (a 1930s piece of New Deal type architecture), the old houses stand behind the shop facades. One Georgian terrace survives.

Central Hackney, around Clapton Square, St John's church and the National Trust's Sutton House, is a prime area. The church sits in a large square and its churchyard contains rows of prosperous 18th century chest tombs.

Sutton House on Homerton High Street is the oldest surviving house in the East End – it was built in 1535 by Sir Rafe Sadleir, Henry VIII's principal secretary of state. Besides being open to the public, it is one of the Trust's two flagship centres for community programmes. Work at Sutton House is mostly in the arts and history, and it is the home of the Young National Trust Theatre.

> 'With so many buses and railway lines, the lack of the Tube is no problem'

At nearby Sutton Place, a handsome Georgian street, number 4 is for sale as a top of the range property with five bedrooms and a 100ft back garden for £350,000 (needing work) from Bunch & Duke. An end of terrace house in nearby Mehetabel Road is on offer for £169,995 from Shaw & Co.

Winkworth is selling two Victorian mid-terrace houses in St John's Church Road, next to the churchyard, at £195,000 and £205,000. Or pay just £65,000 for a one bedroom flat in the Strand Building, the conversion of a 1930s Art Deco London Electricity property.

Prices are even lower in Clapton, immediately east of central Hackney, although they have been rising. A three bedroom Victorian terrace cottage costs around £125,000, 30 per cent more than 18 months ago, says Field. Winkworth estimates that prices for this type of property in Hackney as a whole (which includes Stoke Newington) range from £95,000 to £190,000. No wonder that demand for them comes from Islington (where something similar costs from £260,000 to £600,000), or the City and its northern fringe. A four bedroom Victorian house in Powerscroft Road in the Clapton area is for sale from Winkworth for £155,000.

A little to the south lies Victoria Park, the East End's main public open space, designed in the middle of the last century around the eastern end of the Regent's Canal.

Houses around the park command a premium. In Southborough Road Winkworth offers a Victorian house for £250,000 (Shaw has another there, under offer, at the same asking price, and a house in Groombridge Road at £305,000).

An unusual recent offering is a 1920s Arts and Crafts brick house in Meynell Gardens, "built for the Jewish cantors", says Field. The price from Winkworth is £255,000. Closer to Islington, Shaw is selling a Victorian house in Greenwood Road in the London Fields area for £260,000. "In Islington it would be £600,000," says the firm's Warren Shaw.

■ *Agents: Bunch & Duke, 0181-986 3521; Shaw & Co, 0181-986 7327; Winkworth, 0181-986 4216. Hackney Empire box office: 0181-985 2424. Sutton House (0181-986 2264) is open to visitors today (2pm-5.30pm), and tomorrow and Wednesday, (11.30am-5.30pm), after which it shuts until February 3 1999. Other activities (shop, cafe, music, art exhibitions, and a Tudor banquet on December 12) will continue.*

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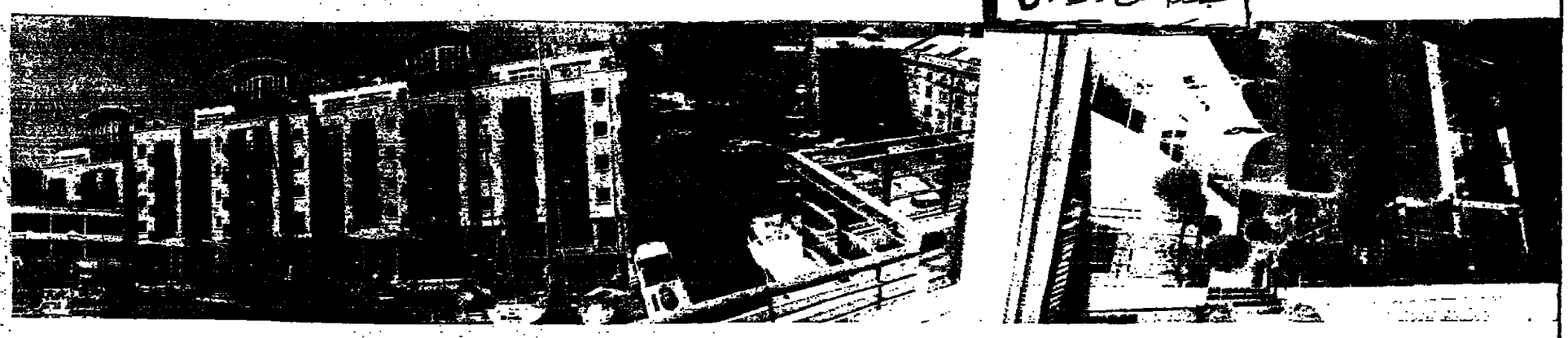

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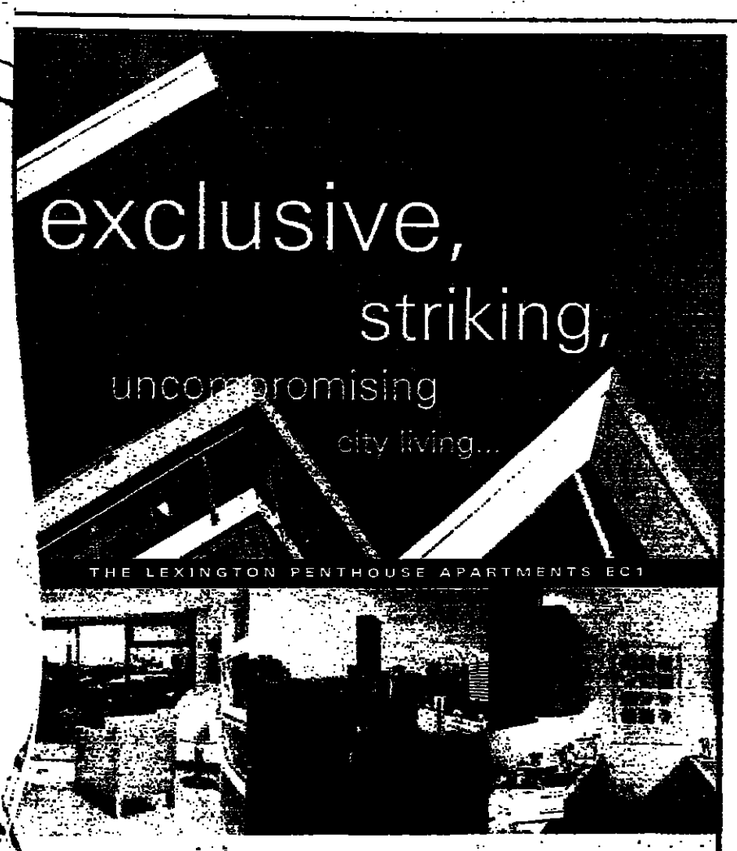

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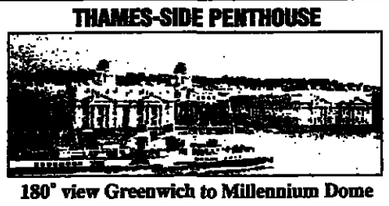

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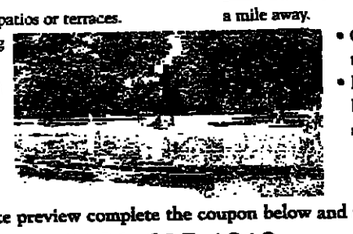

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Trends

The inverted pyramid

New £1m homes are twice as numerous as those going for £100,000, writes Anne Spackman

It is a remarkable statistic, but there are twice as many new homes on the market in London costing £1m or more as there are costing less than £100,000.

The trend was spotted a year ago by London Residential Research, which was surprised to discover that nearly as many properties were being built in London for sale at prices of more than £1m as were being built for five-figure sums. Today's figures are even more staggering and may help explain why the top of the London property market is suffering the most this autumn.

The average cost of a new one-bedroom flat in London was £177,500 in June this year. That compares with £74,000 for the average new house in the UK, according to the Halifax Bank.

Meanwhile, the difference in earnings between London and the rest of the UK is far narrower. The most recent government figures, for April 1997, show average London salaries at just under £25,000 a year, while average earnings for the UK as a whole are one third lower at just over £19,000.

The discrepancy between earnings and prices helps explain the huge success of the Metro Central development at the Elephant and Castle, south of the Thames. St George, the developer, converted a block of ugly 1960s offices on one of London's biggest traffic interchanges into a huge residential complex of 422 flats with parking and a private health club. Prices for studios started at £69,950 and for one-bedroom flats at £85,950.

Most commentators wondered who would want to live above noisy roads and railways in one of central London's most run-down areas. The answer was many of the thousands of people otherwise excluded from owning or renting a new home in the capital because of high prices. The scheme quickly sold out.

Under £100,000

Where should today's buyer look for a central London home below the £100,000 mark?

As London Residential Research pointed out in its report, it is not the role of developers but of the second-hand market to provide low value homes.

However, even second-hand, there is very little to be found. A trawl of Winkworth's database, covering all of its 34 London offices, unearthed 96 properties, 20 of which cost less than £50,000.

In the smart postcodes there is the occasional studio flat: Winkworth is asking £82,000 for a studio in a purpose-built block in Notting Hill. For one bedroom, buyers must go to areas such as Shepherd's Bush, Kentish Town and Kennington. For two bedrooms, the choice is mainly in east London or Surrey Quays. Winkworth has a two-bedroom flat opposite Victoria Park in Hackney on the market for £85,000.

At the very bottom of the market, most of the properties in the sub-£50,000 range are former council flats or flats above shops on busy roads or in very bad neighbourhoods. Winkworth's Kennington office is selling a one-bedroom former Corporation of London flat in a block off the Old Kent Road for £42,500.

Those looking for a new London property for under £100,000 have around 80 to choose from. Half of them lie in the E14 postcode, which covers Poplar and the Isle of Dogs.

St George has a handful of one-bedroom flats at its Lockes Wharf development at the southern end of the Isle of Dogs, priced between £89,950 and £99,950. There are also a couple of studios at its Riverside West development at Wandsworth.

Fairview has one-bedroom flats from £60,000 at a development in Lewisham and two-bedroom properties from £84,000 in Woolwich. Barratt intends to offer a few one-bedroom flats at its Virginia Quay site, opposite the Millennium Dome, for about £100,000.

About £1m

At about £1m the choice is far greater in terms of property type and location.

Those looking for a newly built house will be disappointed, however. Most new homes cost in excess of £2m in central London. The most expensive currently on the market is a vast 16,500 sq ft mansion at Cambridge Gate in Regent's Park, priced at £15m.

One exception to the £2m rule comes at Danvers Street in Chelsea, where FPDSavills is selling a couple of three-bedroom, 2,000 sq ft terraces, with a garden and parking, for £1.45m.

Those willing to travel out of town will find Barratt breaking the £1m barrier for the first time at Oxshott in Surrey. It is building five houses, each with about seven bedrooms and the option of a swimming pool complex.

Most new homes for £1m are apartments. They vary from three-bedroom apartments of about 1,600 sq ft in luxury schemes such as The Bromptons in South Kensington, to four bedrooms and 2,700 sq ft at Eden Close in Hampstead.

In between there are apartments at Mount Vernon in Hampstead, duplexes at Palace Court in Notting Hill, penthouses at Royal Gate, Kensington, and flats on the upper floors of the new Singaporean development at Canary Riverside.

Even in the apartment market there are some schemes where £1m will not get you through the door. Berkeley Homes has just launched a period conversion in St James' Square, the heart of gentlemen's clubland.

The apartments are very large: three bedrooms and three reception rooms cover 3,500 sq ft. But there is no parking on site and no outside space – though owners get a key to the garden square. Prices start at £1.65m.

Prices for second-hand properties do not look a lot cheaper. There is more choice in the house market, but not necessarily more space, as measured in square feet. Buyers are more likely to get a garden, but less likely to get a parking space.

Second-hand homes on the market at around £1m include the best houses south of the river in Wandsworth and Clapham and north of the river in Islington.

In the centre of London, Knight Frank has two three-bedroom maisonettes, both on leases of about 80 years, at about £1m. In Pont Street, Knightsbridge, it is offering a 2,000 sq ft, ground and first-floor flat with three bedrooms and three bathrooms for £985,000.

In Royal Avenue, Chelsea, a slightly smaller flat, on the same levels, but with a large private garage, is being offered at £1.1m.

In the house market, Knight Frank is selling a classic five-storey, freehold Chelsea terrace, for £950,000 – the catch is the need for renovation.

On the Move / Gerald Cadogan

The remedy for a former hospital

Number 71, Chester Square: £3.75m for a 47-year lease . . .

The original Brompton Hospital building of 1844-54 on the Fulham Road, now called The Bromptons, will be one of the best places in London to have a flat.

Fulham's mock-Tudor answer to Hampton Court Palace, it is undergoing meticulous redevelopment and restoration by Northacre (which also transformed Observatory Gardens and Earl's Terrace). Builders are due to leave in summer 1999, and so far 47 of the 73 units have been sold off-plan for an average £1.25m. They have gone mostly to UK buyers who like this area where South Kensington meets Chelsea. Now a show apartment is open, reflecting the building's original style and recalling the 1920s apartments on Park Avenue in New York.

The apartments range from 1,000 sq ft to 4,000 sq ft. In price those still available start at £450,000 and rise to £3.7m. An underground parking space costs a further £35,000. The agent is FPDSavills (0171-730 0822).

Belgravia bonbons

Belgravia, SW1, is always pricey, whether you are buying a whole house or a pub. Number 71 Chester Square, one of the best houses in the square with seven bedrooms, is for sale through WA Ellis (0171-581 7654) or Knight Frank (0171-824 8171) for £3.75m for a lease that has 47 years to run – until Christmas Eve 2045.

The ground rent is £2,500 a year, but is subject to 20-year reviews taking it to 0.15 per cent of the freehold value at the time of review. At the asking price this would work out at £5,250.

The pub for sale freehold (asking price £1.25m) is the Lowndes Arms at the corner of Chesham Street. It has 3,365 sq ft of space and can be converted into a single house, to include an extra floor and a rear extension adding 833 sq ft.

As the bar fittings are still there, it could continue as a pub – which explains why one of the selling agents is Humberts Leisure (0171-629 6700). The other is Knight Frank (0171-824 8171). If it becomes a house, I hope its owners will keep the pub name.

Fill up in Marylebone

In Marylebone High Street, W1, where the Howard de Walden estate seems to prefer top drawer commercial tenants to the likes of men's hairdressers, the former filling station at number 52 is becoming 20 flats and one commercial unit. The flats cost from £220,000 to £595,000 through Egerton (0171-584 7020) and already 10 are reserved.

Buoyancy in St John's Wood

It is not all doom and gloom, as two recent sales by Winkworth in St John's Wood, NW8, show. A four-storey house in Carlton Hill that was sold in November 1995 for £685,000 unrestored was sold again recently, still unrestored, for around £950,000. And a three storey Victorian house in St John's Wood Terrace, listed grade II, which went in August 1996 for £292,000 unrestored, has now gone for around £725,000 after modernisation.

. . . or £1.25m for a freehold pub with domestic possibilities

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Radnor Mews W2. Choice of two newly refurbished mews houses with garages, in sought after locale. Both refurbished to high standards, three beds, two bath. £425,000 Freehold Four beds, two bath £568,950 Freehold.
Bassett Rd W10. Rarely available large unmodernised house with 14 rooms, many retaining period features, and two self contained one bed flats in the basement. 60ft Garden to rear. £1.25m Freehold.
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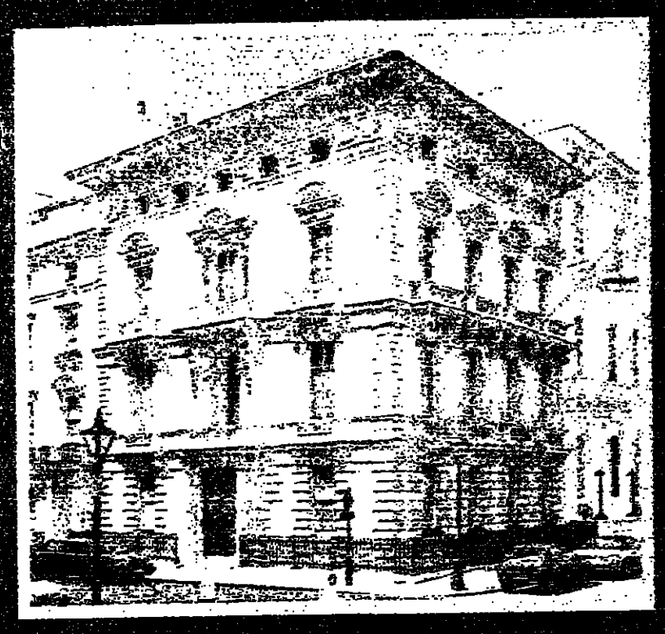

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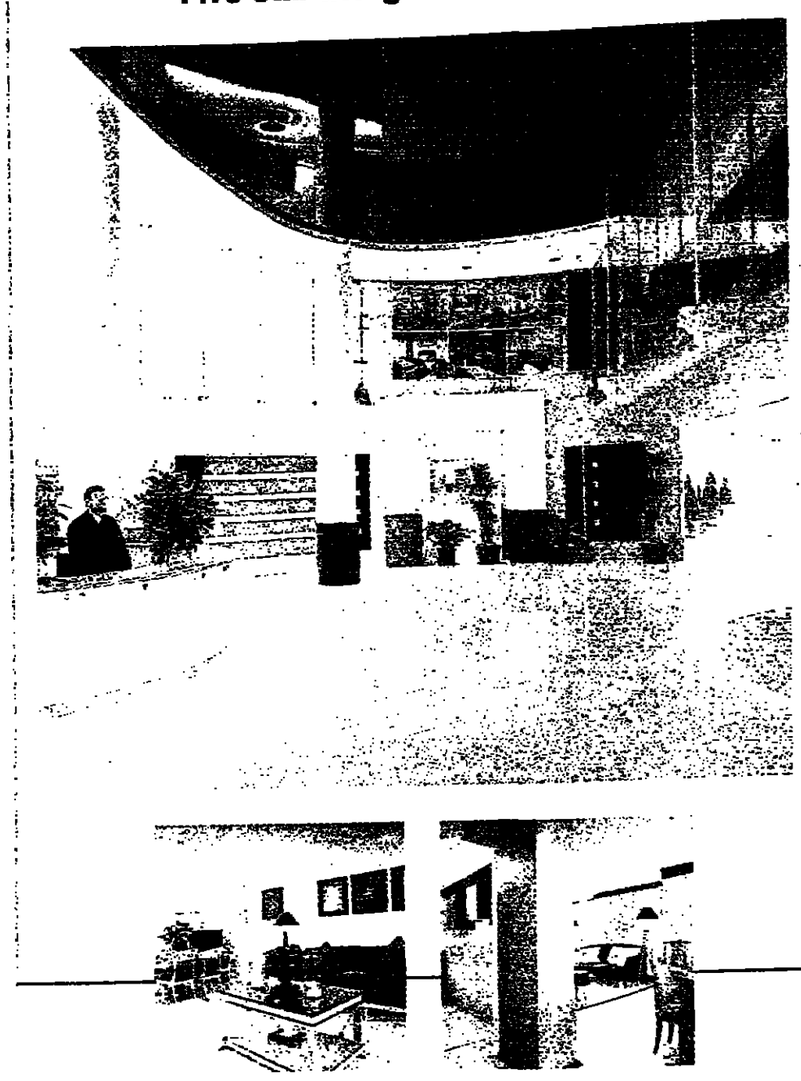

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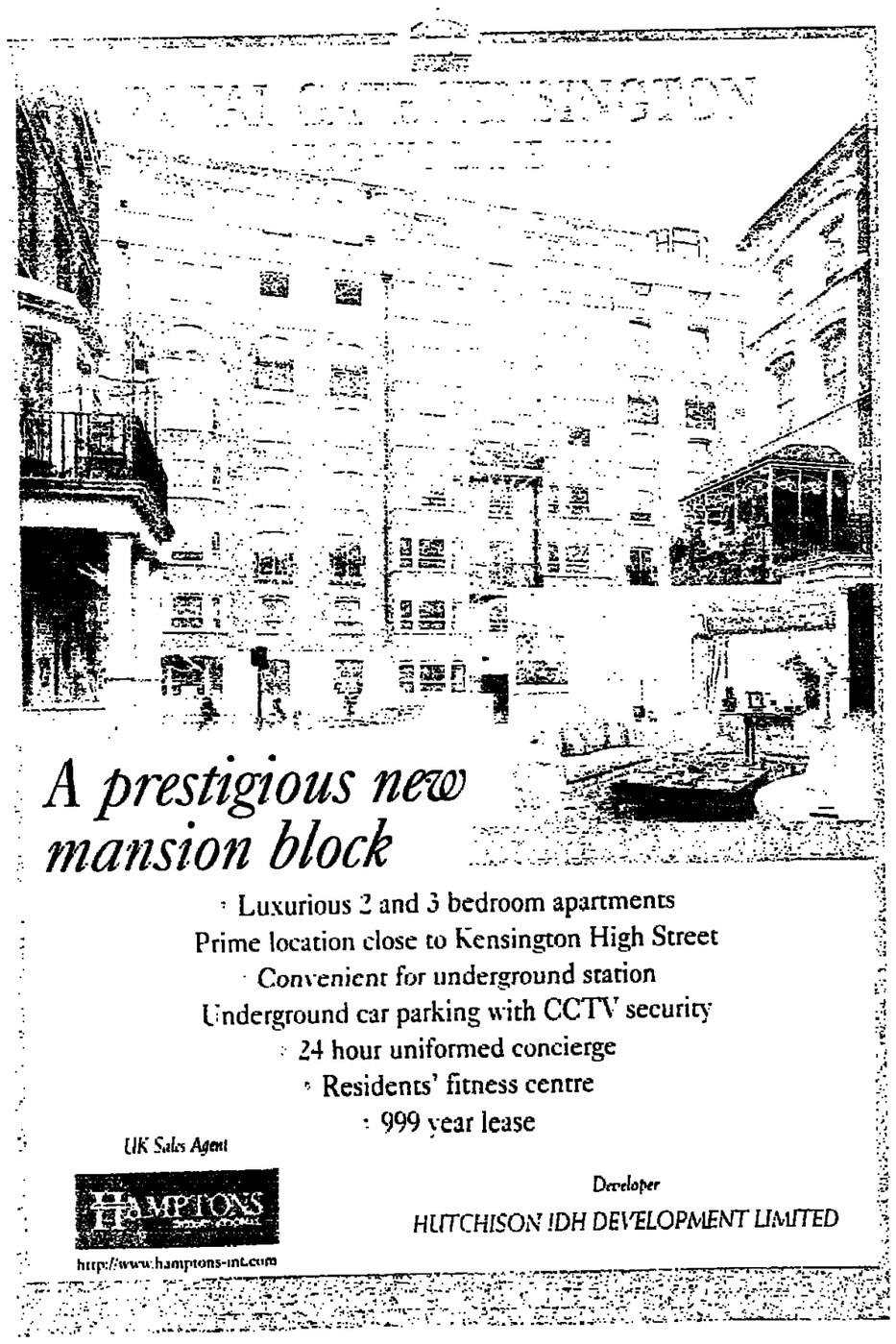

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